



**SHIRE OF LAVERTON**

**AUDIT AND RISK COMMITTEE MEETING**

**MINUTES**

**Held on Thursday 17 February 2022,  
commencing at 4:30pm**

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## MINUTES

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## **MINUTES FOR AUDIT AND RISK COMMITTEE MEETING TO BE HELD ON THURSDAY 17 FEBRUARY 2022 AT 4:30PM**

### **1. DECLARATION OF OPENING**

The presiding Member, Cr Patrick Hill, declared the Committee Meeting open at 4:30pm.

### **2. RECORD OF ATTENDANCE**

#### **2.1 PRESENT**

Cr P Hill	Member
Cr R Weldon	Member
Cr J Carmody	Member (via video conference) (4:32pm to 4:44pm)
Cr G Buckmaster	Member
Cr R Wedge	Member
Cr R Prentice	Member
Mr P Naylor	Chief Executive Officer
Mr P Marshall	Deputy Chief Executive Officer

#### **2.2 APOLOGIES**

Cr Shaneane Weldon	Member
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#### **2.3 LEAVE OF ABSENCE**

Nil

#### **2.4 VISITORS**

Nil

### **3. CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

#### **3.1 MINUTES OF AUDIT COMMITTEE MEETING HELD 30 SEPTEMBER 2021**

##### **ATTACHMENT**

ARC170222.3.1.A      Minutes of Audit and Risk Committee Meeting 30 September 2021

##### **RESOLUTION**

##### **COUNCIL DECISION/PROCEDURAL MOTION**

MOVED: **Cr G Buckmaster**      SECONDED: **Cr R Weldon**

**That the Minutes of the Audit and Risk Committee Meeting (Attachment ARC170222.3.1.A) held on 30 September 2021, be confirmed as a true and accurate record of proceedings.**

**CARRIED 5/0**

4:32pm Cr Jack Carmody, Efthalia Samaras, Pranjal Bhate, David Wall, Larry Tan and Mandy Wynne joined the meeting via teams.



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#### 4. REPORTS OF COMMITTEE AND OFFICERS

##### 4.1 AUDIT REPORTS FOR THE YEAR ENDING 30 JUNE 2021

REPORT TO WHICH MEETING/COMMITTEE	Audit and Risk Committee Meeting, 17 February 2022
DISCLOSURE OF INTEREST	The author has no financial interest in the matter presented to the Council
OWNER/APPLICANT	Not applicable
AUTHOR	Phil Marshall, Deputy Chief Executive Officer
RESPONSIBLE OFFICER	Peter Naylor, Chief Executive Officer
PREVIOUS MEETING REFERENCE IF APPLICABLE	Not Applicable – The Council has expired plans in place and these documents will replace the existing documents.

#### MATTER FOR CONSIDERATION BY THE COUNCIL

That the Audit and Risk Committee to receive and consider the following documents and recommend to the Council for adoption:

- Management Letter from the Office of Auditor General (OAG)
- Independent Audit report for the year ending 30 June 2021

#### ATTACHMENTS

ARC170222.4.1.A	Independent Auditors report for the year ending 30 June 2021.
ARC170222.4.1.B	Management Letter (RSM) for 30 June 2021.

#### BACKGROUND

In accordance with section 7.9 of the Local Government Act 1995, the audit was conducted by the OAG and RSM.

#### STATUTORY IMPLICATIONS

##### ***Local Government Act 1995***

##### **1.3. Content and intent**

- (2) *This Act is intended to result in —*
- (a) *better decision-making by local governments; and*
  - (b) *greater community participation in the decisions and affairs of local governments; and*
  - (c) *greater accountability of local governments to their communities; and*
  - (d) *more efficient and effective local government.*

- (3) *In carrying out its functions a local government is to use its best endeavours to meet the needs of current and future generations through an integration of environmental protection, social advancement, and economic prosperity.*

## **2.7. Role of council**

- (1) *The council —*
- (a) *governs the local government's affairs; and*
  - (b) *is responsible for the performance of the local government's functions.*
- (2) *Without limiting subsection (1), the council is to —*
- (a) *oversee the allocation of the local government's finances and resources; and*
  - (b) *determine the local government's policies.*

## **3.1. General function**

- (1) *The general function of a local government is to provide for the good government of persons in its district.*
- (2) *The scope of the general function of a local government is to be construed in the context of its other functions under this Act or any other written law and any constraints imposed by this Act or any other written law on the performance of its functions.*
- (3) *A liberal approach is to be taken to the construction of the scope of the general function of a local government.*

## **LOCAL GOVERNMENT ACT 1995 - SECT 7.9**

### **7.9. Audit to be conducted**

(1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —

- (a) the mayor or president; and
- (b) the CEO of the local government; and
- (c) the Minister.

(2) Without limiting the generality of subsection (1), where the auditor considers that —

- (a) there is any error or deficiency in an account or financial report submitted for audit; or

(b) any money paid from, or due to, any fund or account of a local government has been or may have been misapplied to purposes not authorised by law; or

(c) there is a matter arising from the examination of the accounts and annual financial report that needs to be addressed by the local government,

details of that error, deficiency, misapplication or matter, are to be included in the report by the auditor.

(3) The Minister may direct the auditor of a local government to examine a particular aspect of the accounts and the annual financial report submitted for audit by that local government and to —

(a) prepare a report thereon; and

(b) forward a copy of that report to the Minister,

and that direction has effect according to its terms.

(4) If the Minister considers it appropriate to do so, the Minister is to forward a copy of the report referred to in subsection (3), or part of that report, to the CEO of the local government.

## **LOCAL GOVERNMENT ACT 1995 - SECT 7.12A**

### **7.12A. Duties of local government with respect to audits**

(1) A local government is to do everything in its power to —

(a) assist the auditor of the local government to conduct an audit and carry out the auditor's other duties under this Act in respect of the local government; and

(b) ensure that audits are conducted successfully and expeditiously.

(2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.

(3) A local government must —

(aa) examine an audit report received by the local government; and

(a) determine if any matters raised by the audit report, require action to be taken by the local government; and

(b) ensure that appropriate action is taken in respect of those matters.

(4) A local government must —

(a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and

(b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.

(5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

## **LOCAL GOVERNMENT (AUDIT) REGULATIONS 1996 - REG 16**

### **16. Functions of audit committee**

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
  - (i) its functions under Part 6 of the Act; and
  - (ii) its functions relating to other audits and other matters related to financial management;
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;
- (c) to review a report given to it by the CEO under [regulation 17\(3\)](#) (the **CEO's report**) and is to —
  - (i) report to the council the results of that review; and
  - (ii) give a copy of the CEO's report to the council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
  - (i) is required to take by section 7.12A(3); and
  - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and



(iii) has accepted should be taken following receipt of a report of a review conducted under [regulation 17\(1\)](#); and

(iv) has accepted should be taken following receipt of a report of a review conducted under the [Local Government \(Financial Management\) Regulations 1996 regulation 5\(2\)\(c\)](#);

(g) to perform any other function conferred on the audit committee by these regulations or another written law.

## STRATEGIC PLAN IMPLICATIONS

Civic Leadership Objective - A financially strong and knowledgeable Shire, leading an empowered community.

- Outcome 4.3 Improved planning
- 4.3.1 Continue to review and improve organisational plans.
- 4.3.2 Seek high level of statutory compliance.

## POLICY IMPLICATIONS

There are no policy implications to the Council.

## FINANCIAL IMPLICATIONS

The recommendation of this report has no financial implications for Council.

## RISK MANAGEMENT

As the Council is meeting the requirements of the Local Government Act in both the acceptance of the Auditors Report and The management Letter and with a non qualified audit, the level of Risk is considered Minor.

5x5 RISK MATRIX

PROBABILITY

Highly Probable	5 Moderate	10 Major	15 Major	20 Severe	25 Severe
Probable	4 Moderate	8 Moderate	12 Major	16 Major	20 Severe
Possible	3 Minor	6 Moderate	9 Moderate	12 Major	15 Major
Unlikely	2 Minor	4 Moderate	6 Moderate	8 Moderate	10 Major
Rare	1 Minor	2 Minor	3 Minor	4 Moderate	5 Moderate
	Very Low	Low	Medium	High	Very High

IMPACT

## CONSULTATION

Chief Executive Officer

## COMMENT

### RESOLUTION

### COUNCIL DECISION/PROCEDURAL MOTION

MOVED: Cr R Prentice      SECONDED: Cr G Buckmaster

**That the Audit and Risk Committee recommends to the Council that The Annual Management Letter, The Independent Auditors report for the year ending 30 June 2021 as prepared by the Office of Auditor General and RSM be accepted in accordance and that the reports and attachments ARC170222.4.1.A & B be published on the Shire of Laverton website in accordance with the Local Government Act 1995.**

**CARRIED 5/0**

4:46pm Cr Jack Carmody, Efthalia Samaras, Pranjali Bhate, David Wall, Larry Tan and Mandy Wynne left the meeting.

**INDEPENDENT AUDITOR'S REPORT  
2021  
Shire of Laverton**

To the Councillors of the Shire of Laverton

## **Report on the audit of the annual financial report**

### **Opinion**

I have audited the financial report of the Shire of Laverton (Shire) which comprises:

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the Shire of Laverton:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

### **Basis for opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities section below. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



## Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

## Auditor's responsibility for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

## Report on other legal and regulatory requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) The following material matter(s) indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
  - (i) For approximately 7% of purchase transactions sampled, purchase orders were raised after the supplier invoice was received and there was no documentation to explain why purchase orders were not raised prior to the procurement of goods or services. This practice increases the likelihood of unauthorized expenditure occurring and going undetected; and
  - (ii) For approximately 10% of purchase transactions sampled, there was insufficient documentation to indicate the required number of quotations had been obtained and evaluated. This practice increased the likelihood of not receiving value for money in procurement and/or pricing change between quotation and invoicing.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.

In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

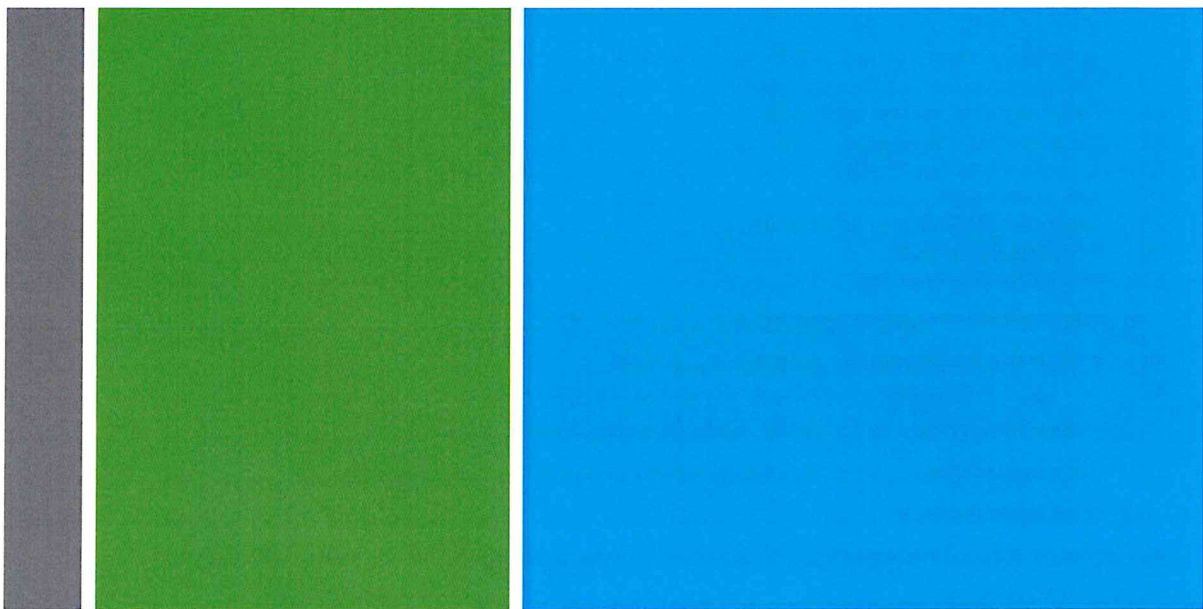
#### **Other information**

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

#### **Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the financial report of the Shire of Laverton for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



## SHIRE OF LAVERTON

### Audit Closing Report

30 June 2021 Financial Statements

THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING

**OAG**  
Office of the Auditor General  
Serving the Public Interest

  
**RSM**



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## 1 EXECUTIVE SUMMARY

### 1.1 Purpose of the Audit Closing Report

The primary purpose of this Audit Closing Report is to brief Shire of Laverton (**Shire**) on the results of our substantially completed audit of the 30 June 2021 financial statements. This report should be read in conjunction with our Audit Planning Memorandum (**APM**) provided to the Shire on 31 May 2021.

### 1.2 Scope and approach

There were no changes to the audit scope or approach set out in the APM.

### 1.3 Key deliverable

#### 1.3.1 Annual financial statements audit report

The Auditor General is required to issue an opinion on the financial report of the Shire for the year ended 30 June 2021. In accordance with section 7.9(1) of the *Local Government Act 1995 (LG Act)*, the audit report will be addressed to the Councillors with a copy being forwarded to the Shire President, the Chief Executive Officer (**CEO**) and the Minister for Local Government.

We will recommend to the Auditor General that an unqualified audit opinion is issued on the financial statements (refer section 2.1).

#### 1.3.2 Other legal and regulatory requirements audit

The Auditor General is also required by regulation 10(3) of the *Local Government (Audit) Regulations 1996* to report:

- Any matters indicating non-compliance with Part 6 of the LG Act, the Financial Management Regulations or applicable financial controls;
- Any material matters indicating significant adverse trends in the financial position or the financial management practices;
- Whether all required information and explanations were obtained during the audit;
- Whether audit procedures were satisfactorily completed; and
- Whether the Asset Consumption Ratio and the Asset Renewal Funding Ratio, disclosed in the notes to the financial statements, were supported by verifiable information and reasonable assumptions.

During the audit two matters were identified that required reporting under regulation 10(3) of the *Local Government (Audit) Regulations 1996* (refer section 2.2).

#### 1.3.3 Management letters

Two significant findings remain either fully or partially unresolved from the prior audit. No new findings were identified during the 2020/21 audit (refer section 2.3).

### 1.4 Matters of significance

In accordance with section 24(1) of the *Auditor General Act 2006*, the Auditor General is required to report to Parliament on matters arising out of the performance of the Auditor General's functions that are, in the opinion of the Auditor General, of such significance as to require reporting. We confirm that no such matters came to our attention during our audit work.

### 1.5 COVID-19

We concurred with the Shire's assessment that there is no significant impact on the Shire's financial statements or operations due to the COVID-19 pandemic (refer section 6).

### 1.6 Independence

RSM Australia's audit methodology requires that we conduct a regular evaluation of our independence. We have fully satisfied ourselves that we do not have any actual or perceived conflict of interest.

### 1.7 Our appreciation

We wish to express our thanks for the co-operation shown by Council and the Shire's Administration during the audit.

## 2 AUDIT COMPLETION

### 2.1 Statutory financial statements and audit opinion

We have completed the audit fieldwork on the statutory financial statements of the Shire for the year ended 30 June 2021.

The financial statements are general purpose financial report prepared in accordance with the LG Act, accompanying regulations and, to the extent that they are not inconsistent with the LG Act, Australian Accounting Standards.

We have discussed all significant auditing and accounting issues with administration, and these have been satisfactorily resolved and are discussed in this report. The audit and assurance procedures are designed to support the audit and assurance opinions and they cannot be expected to identify all weaknesses or inefficiencies in the Shire's systems and working practices.

Based on the evidence, which has been assessed during our audit, we expect to conclude that the financial statements of the Shire:

- (i) Are based on proper accounts and records; and
- (ii) Fairly represent, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the LG Act and, to the extent that they are not inconsistent with the LG Act, Australian Accounting Standards.

We will recommend to the Auditor General that an unqualified opinion is issued on the financial statements.

### 2.2 Reporting on other legal and regulatory requirements

The following material matters, indicating non-compliance with Part 6 of the LG Act, the Financial Management Regulations or applicable financial controls of any other written law, were identified during our audit:

- For approximately 7% of purchase transactions sampled, purchase orders were raised after the supplier invoice was received and there was no documentation to explain why purchase orders were not raised prior to the procurement of goods or services. This practice increases the likelihood of unauthorised expenditure occurring and going undetected; and
- For approximately 10% of purchase transactions sampled, there was insufficient documentation to indicate the required number of quotations had been obtained and evaluated. This practice increased the likelihood of not receiving value for money in procurement and/or pricing change between quotation and invoicing.

We will recommend to the Auditor General that these matters are communicated in the auditor's report.

### 2.3 Management letter – control weaknesses

Our audit approach involves the use of a rotation approach when planning our test of controls. Consequently, not all control cycles are subject to testing and only certain transaction cycles are in audit scope each year. In accordance with the APM, we performed key management control testing over the revenue, purchases, payroll, and property plant and equipment cycles.

Based on our testing, the status of findings from prior period audits and the control weaknesses identified during the preliminary and final audit stages are as follows:

#### 2.3.1 Status of prior year audit issues

Two significant findings remain either fully or partially unresolved from the prior audit:

Financial reporting and control findings	Rating	Status
1. Purchasing policy - obtaining quotations <sup>(1)</sup>	Significant	Open
2. Purchase orders dated post invoice date <sup>(1)</sup>	Significant	Open

(1) Reported under *the Local Government (Audit) Regulations 1996* in the 2020/21 Audit Report (refer section 2.2)

The action taken by the Shire to address the open prior period findings will be reviewed during the 2021/22 audit.

#### 2.3.2 2020/21 audit

No new findings were identified during the 2020/21 audit.



## 2.4 Compliance with laws and regulation

We have reviewed the Shire's controls to manage the risk of systemic failure to comply with relevant laws and regulations. We also reviewed Council and other relevant committee minutes of meetings throughout the year to identify any recorded non-compliance with relevant laws and regulations.

As a result of our procedures, except for matters noted in section 2.3, nothing further has come to our attention, within the scope of the audit, to indicate non-compliance with relevant laws and regulations.

## 2.5 Unadjusted audit differences

There were no uncorrected misstatements identified during the audit.

## 2.6 Summary of audit adjustments

There were no audit adjustments identified during the audit.

## 2.7 Subsequent events

Administration has represented that, other than those matters disclosed in the financial statements, there are no significant subsequent events between the end of the financial year and the date of this Audit Closing Report, which may significantly impact the results of the operations and the state of affairs of the Shire for the financial year.

## 2.8 Contingent liabilities and commitments

Administration has represented to us that, other than those matters disclosed in the financial statements and at section 2.9 below, there are no other outstanding or pending litigation, contingent liabilities or commitments.

## 2.9 Environmental matters

Currently the Shire has one site listed as a possible source of contamination being the Laverton Rubbish Tip. We have reviewed the key controls used by the Shire to manage the risk of failure to comply with *Contaminated Sites Act 2003*. We also reviewed Council and committee minutes of meetings throughout the year to identify any reported non-compliance with the relevant environmental laws and regulations.

The Shire represented that all identified contaminated sites are reported to the Department of Water and Environmental Regulation (DWER) and recorded in the DWER Contaminated Sites Database.

The Shire represented that it is unable to accurately estimate its clean-up liabilities. Therefore, the Shire has disclosed a contingent liability in the notes to the financial statements and no provision has been brought to account as at 30 June 2021. The Shire will continue to monitor this matter and bring to account a provision closer to the licence expiry date.

Based on our work within the scope of our engagement, nothing came to our attention to indicate the key controls around contaminated sites are ineffective.

## 2.10 Outstanding audit matters

The audit opinion is subject to the finalisation of our audit process. The key matters still outstanding are:

- a) Our receipt of the signed management representation letter and financial statements; and
- b) Our performance of subsequent events review up to date the audit report is issued

# 3 NEW ACCOUNTING STANDARD ADOPTED IN THE CURRENT YEAR

## 3.1 AASB 1059 Service Concession Arrangements: Grantors

AASB 1059 *Service Concession Arrangements: Grantors* is effective on or after 1 July 2020, which resulted in changes to accounting policies. AASB 1059 introduces the accounting treatment for assets in service concession arrangements from the perspective of public sector grantors. The standard defines a service concession arrangement and provide guidance on the recognition and measurement requirements. Determining whether an arrangement is a service concession requires significant judgement and should be assessed on an asset-by-asset basis.

The Shire completed an internal assessment on the adoption of AASB 1059 and concluded that there was no impact of AASB 1059 as of 1 July 2020 and for the current financial year.

We audited and concurred with the Shire's assessment that the adoption of AASB 1059 has no impact on the financial statements.

### 3.2 AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material

The Shire adopted AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Materiality* on 1 July 2020, which refines the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.

As disclosed in the Note 1 to the financial statements, the adoption of AASB 2018-7 as at 1 July 2020 has no impact on the Shire.

We audited and concurred with the Shire's assessment that the adoption of AASB 2018-7 has no impact on the financial statements.

## 4 AMENDMENTS TO LOCAL GOVERNMENT FINANCIAL MANAGEMENT REGULATIONS

### 4.1 Regulation 44 - Fees etc. to council members, information about in annual financial report

Amendments to regulation 44 requires information about fees, expenses and allowances paid to council members, the mayor or the president to be included in the annual financial report commencing from the year ended 30 June 2021. The amendment provides clarity that itemised information is required for each council member and mayor or president, rather than total figures.

We have audited the Shire's disclosure at Note 21 to the financial statements and concluded that the Shire has correctly applied the new requirements of regulation 44 and made appropriate disclosures in the notes to the financial statements.

## 5 AREAS OF AUDIT EMPHASIS

As mentioned in the APM, our audit focus was on those areas where we assessed there to be a significant risk of material misstatement in the financial statements. We designed and performed procedures to be able to conclude, with reasonable assurance, whether each significant risk area is free from material misstatement. The following is a summary of the audit focus areas account balances for the past three financial years:

Audit focus area	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2019 \$'000
<b>Revenue recognition</b>			
• Rates	5,492	5,303	4,684
• Operating grants, subsidies and contributions	4,652	6,491	6,432
• Non-operating grants, subsidies and contribution	2,766	6,057	9,037
• Trade receivables (current and non-current)	1,185	926	1,388
<b>Procurement</b>			
• Material and contracts	2,073	4,826	6,494
• Property, Plant and Equipment (additions)	1,754	518	4,452
• Infrastructure (additions)	1,473	9,235	12,280
<b>Fixed assets</b>			
• Property, plant and equipment	14,791	13,866	14,938
• Infrastructure	139,340	139,888	133,339



The outcome of our audit procedures for each significant risk area is summarised in the following table:

Audit focus area	Key risks	Free from material misstatement
<b>Revenue recognition</b> <ul style="list-style-type: none"> <li>Rates</li> <li>Operating grants, subsidies and contributions</li> <li>Non-operating grants, subsidies and contribution</li> <li>Trade and other receivables</li> </ul>	<p>Rates, fees and charges revenue are material and a significant risk due to the multifaceted method of calculation, the high dependency on information systems and the significant regulatory compliance regime.</p> <p>Grants are a material amount and are measured by the application of AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income of Not-for-Profit Entities</i>.</p> <p>Compliance with AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income of Not-for-Profit Entities</i> can be complex and requires detailed analysis of contracts and appropriate application of revenue recognition policies.</p> <p>Calculation and recording of the expected credit loss provision in accordance with AASB 9 <i>Financial Instruments</i> can be complex and is subject to estimation.</p>	✓
<b>Procurement</b> <ul style="list-style-type: none"> <li>Materials and contracts</li> <li>Property, plant and equipment (additions)</li> <li>Infrastructure (additions)</li> </ul>	<p>These expenditure items are a significant risk due to the materiality of the amounts, the different cost allocation methods, the strict and complex requirements of the Shire's purchasing policy and the risk of management override of controls.</p>	✓
<b>Fixed assets</b> <ul style="list-style-type: none"> <li>Property, plant and equipment</li> <li>Infrastructure</li> </ul>	<p>Property, plant and equipment and Infrastructure are material assets in the Statement of Financial Position.</p> <p>Revaluation of property, plant and equipment and other infrastructure is subject to estimates and judgements, which can impact materially on the carrying value.</p> <p>Regulation 17A (2) of the Financial Management Regulations requires that land, buildings, infrastructure investment properties and vested improvements to be shown at fair value.</p> <p>Although the Shire did not revalue any fixed assets during the financial year, the Shire reviewed fixed assets for impairment and concluded there was no requirement to adjust the carrying values.</p>	✓

## 6 IMPACT OF COVID-19

As the COVID-19 pandemic progressed throughout 2020/21 the rollout of effective vaccines has eased uncertainty for the global economy. Despite this, Western Australia still continues to enforce border restrictions with many states within Australia.

The Shire advised that the COVID-19 pandemic did not have any significant impacts during 2020/21. There were some minor impacts on operations, including:

- Staffing requirements
- Access to maintenance materials

We concurred with the Shire's assessment that there is no significant impact on its financial statements because of COVID-19.

## 7 OTHER CRITICAL DISCLOSURES IN THE FINANCIAL STATEMENTS

We also audited the following critical disclosures in the financial statements by verifying the underlying calculations and auditing the evidence to support the amounts disclosed:

Critical disclosure	Key risks	Comply with accounting standards
Related party	Disclosures of key administration personnel remuneration and related party transactions are not in accordance with AASB 124 <i>Related Party Disclosures</i> .	✓
Financial ratios	The underlying data is incomplete or inaccurate and the calculations of the ratios are incorrect and not in accordance with Financial Management Regulations.	✓

## 8 FRAUD RISK

Under Australian Auditing Standard ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*, when planning and performing audit procedures and evaluating the results, the auditor must consider the risk of material misstatement in the financial statements because of fraud and error. To address our responsibilities relating to fraud we designed and implemented audit procedures to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud. Procedures and the results of our testing are detailed below:

### 8.1 Management override of control

Administration is in a unique position to perpetrate fraud because of administration's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Override of controls can occur in areas such as journal entries, accounting estimates and judgements.

Based on our work, nothing has come to our attention to indicate that the Shire does not have proper processes and controls to manage the risk of override of controls and that material key estimates and judgments are properly assessed and brought to account. Our audit did not detect any instances of fraud.

### 8.2 Element of unpredictability

We also incorporated an element of unpredictability in our audit procedures to address the risk of Administration, who are familiar with the normal audit procedures, being more able to conceal fraudulent activity.

Our unpredictable testing involved selection of random small expense accounts to determine if there are transactions not related to the Shire's day to day operating activities.

- Obtained the detailed breakdown of the general ledgers for selected accounts with small value transactions.
- Randomly select transactions, inspect the supporting document and inquire if the transactions do not relate to the Shire's day-to-day operating activities.

During our audit testing, nothing came to our attention to suggest any fraudulent payments were made.

### 8.3 Fraud incidences during the audit

We have made enquiries of Council, the CEO and Administration regarding whether they have knowledge of any incidences of material fraud during the financial year. Based on our enquiries and other audit procedures, we did not become aware of an incidence of misconduct or fraud, which would have a material impact on the financial statements.

## 9 INFORMATION SYSTEMS AUDIT

As noted in the APM, the Shire's financial information system is not complex and there was no requirement for RSM to engage an Information System Audit specialist. RSM conducted a high-level review of IT general controls.

## 10 NEW ACCOUNTING STANDARDS APPLICABLE IN FUTURE YEARS

There are no new accounting standards, which would materially impact the Shire's financial statements in future financial years. We reviewed and concurred with the Shire's disclosures in the notes to the financial statements regarding new accounting standards.

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## 11 MATTERS RELATING TO FUTURE AUDIT

Based on our discussion with the Shire's Administration, there are no matters that will be materially relevant for the 30 June 2022 financial statement audit.

## 4.2 COMPLIANCE AUDIT RETURN (CAR) 2021

<b>Report to which meeting/committee</b>	Audit and Risk Committee Meeting, 17 February 2022
<b>Disclosure of interest</b>	The author has no financial interest in the matter presented to the Council
<b>Owner/applicant</b>	Not applicable
<b>Author</b>	Phil Marshall, Deputy Chief Executive Officer
<b>Responsible Officer</b>	Peter Naylor, Chief Executive Officer
<b>Previous meeting Reference if Applicable</b>	Not Applicable

### MATTER FOR CONSIDERATION BY THE COUNCIL

That the Audit and Risk Committee recommend the CAR to the Council for submission to the Department of Local Government, Sport and Cultural Industries.

### ATTACHMENTS

ARC170222.4.2.A                      2021 Compliance Audit Return

### 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 completed by Council staff.

The CAR is one of the tools that allow Council to monitor how the organisation is functioning regarding 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 2021 CAR, there was one area of non-compliance optional question policy on continuing professional development of council members – action to be presented to the 17 March 2022 council meeting.

### STATUTORY ENVIRONMENT

#### ***Local Government Act 1995***

Section 2.7(2) – Provides that Council is to oversee the allocation of local government finances and resources and to determine the local government policies.

Section 3.1 – Provides that the general function of the local government is to provide for the good government of persons in its district.

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



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

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

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

**POLICY IMPLICATIONS**

There are no policy implications to this report.

**RISK MANAGEMENT IMPLICATIONS**

**5x5 RISK MATRIX**

	Highly Probable	5 Moderate	10 Major	15 Major	20 Severe	25 Severe
	Probable	4 Moderate	8 Moderate	12 Major	16 Major	20 Severe
	Possible	3 Minor	6 Moderate	9 Moderate	12 Major	15 Major
	Unlikely	2 Minor	4 Moderate	6 Moderate	8 Moderate	10 Major
	Rare	1 Minor	2 Minor	3 Minor	4 Moderate	5 Moderate
		Very Low	Low	Medium	High	Very High

**IMPACT**

As the Council is meeting the statutory requirements, the risk is considered low.

**FINANCIAL IMPLICATIONS**

There are no financial implications to this report.

**STRATEGIC IMPLICATIONS**

Objectives:

A financially strong and knowledgeable Shire, leading an empowered community.

- Financial ratios
- Long term financial viability

**CONSULTATION**

Chief Executive Officer

## COMMENT

This report is required to be reviewed by the Audit and Risk Committee before being considered by the Council and the recommendation reflects this.

## RESOLUTION

## COUNCIL DECISION/PROCEDURAL MOTION

MOVED: Cr R Weldon      SECONDED: Cr R Prentice

**That the Audit and Risk Committee recommends the adoption of the 2021 Compliance Audit Return shown as ARC170222.4.2.A and further that the Council authorises the Shire President and Chief Executive Officer to sign the Compliance Audit Return on behalf of the Council and submit the signed return to the Department of Local Government, Sport and Cultural Industries in accordance with section 14 of the Local Government (Audit) Regulations 1996.**

**CARRIED 5/0**

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## Laverton - Compliance Audit Return 2021

### 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 the relevant minutes.

#### Commercial Enterprises by Local Governments

No	Reference	Question	Response	Comments	Respondent
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 2021?	N/A		Phil Marshall
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 2021?	N/A		Phil Marshall
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 2021?	N/A		Phil Marshall
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 2021?	N/A		Phil Marshall
5	s3.59(5)	During 2021, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		Phil Marshall

#### Delegation of Power/Duty

No	Reference	Question	Response	Comments	Respondent
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A		Phil Marshall
2	s5.16	Were all delegations to committees in writing?	N/A		Phil Marshall
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	N/A		Phil Marshall
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A		Phil Marshall
5	s5.18	Has council reviewed delegations to its committees in the 2020/2021 financial year?	N/A		Phil Marshall
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 Act?	Yes		Phil Marshall
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes		Phil Marshall
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes		Phil Marshall





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9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		Phil Marshall
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?	N/A		Phil Marshall
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		Phil Marshall
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2020/2021 financial year?	Yes	24/06/2021	Phil Marshall
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 Admin Reg 19?	Yes		Phil Marshall

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
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, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes		Phil Marshall
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 Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	Yes		Phil Marshall
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes		Phil Marshall
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		Phil Marshall
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2021?	Yes		Phil Marshall
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		Phil Marshall
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?	Yes		Phil Marshall
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, in the form prescribed in Admin Reg 28?	Yes		Phil Marshall



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9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes	Phil Marshall
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) 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	Phil Marshall
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, in the form prescribed in Admin Reg 28A?	Yes	Phil Marshall
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	Phil Marshall
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	Yes	Phil Marshall
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	Phil Marshall
15	Rules of Conduct Reg 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person, did they disclose the interest in accordance with Rules of Conduct Reg 11(2)?*  *Question not applicable after 2 Feb 2021	N/A	Phil Marshall
16	Rules of Conduct Reg 11(6)	Where a council member disclosed an interest under Rules of Conduct Reg 11(2) was the nature of the interest recorded in the minutes?*	N/A	Phil Marshall
		*Question not applicable after 2 Feb 2021		
17	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	Phil Marshall
18	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) 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	Phil Marshall
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	N/A	Phil Marshall



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20	s5.103 Admin Regs 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin Regs 34B and 34C to be observed by council members, committee members and employees?*	N/A		Phil Marshall
		*Question not applicable after 2 Feb 2021			
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?*	Yes		Phil Marshall
		*Question not applicable after 2 Feb 2021			
22	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	Yes		Phil Marshall
23	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)?	Yes		Phil Marshall
24	s5.104(7)	Did the CEO publish an up-to-date version of the adopted code of conduct on the local government's website?	Yes		Phil Marshall
25	s5.51A(1) & (3)	Did the CEO prepare, and implement and publish an up-to-date version on the local government's website, a code of conduct to be observed by employees of the local government?	Yes		Phil Marshall

Disposal of Property					
No	Reference	Question	Response	Comments	Respondent
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) (unless section 3.58(5) applies)?	Yes	8 and 15 Cable street	Phil Marshall
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?	Yes	as above	Phil Marshall

Elections					
No	Reference	Question	Response	Comments	Respondent
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	Yes	NO election held October 2021	Phil Marshall





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		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?			
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?	N/A		Phil Marshall
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 Elect Reg 30G(6)?	N/A		Phil Marshall

### 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?	N/A	Audit and Risk Committee is full council.	Phil Marshall
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	N/A		Phil Marshall
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2021 received by the local government by 31 December 2021?	No	To be received 17/02/2022- refer to OAG email explanation	Phil Marshall
4	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		Phil Marshall
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		Phil Marshall
6	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?	N/A		Phil Marshall
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	Yes	as at 8th February, audit report not received, however the OAG and RSM will video conference to the Audit and Risk Committee on the 17/02/2022 and the auditors report will be adopted by the council at its ordinary meeting	Phil Marshall



Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
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	11.1.7 Report dated 30/09/2021	Phil Marshall
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Incorporated into 11.1.7 Report dated 30/09/2021	Phil Marshall
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes		Phil Marshall

Local Government Employees					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve a process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	Yes	Adopted standard Policy	Phil Marshall
2	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A?	Yes	Manager Works and Services	Phil Marshall
3	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A		Phil Marshall
4	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)?	N/A		Phil Marshall
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Yes	As under Point 2	Phil Marshall
6	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		Phil Marshall

Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Has the local government designated a senior employee as defined by section 5.37 to be its complaints officer?	No	CEO in accordance with 5.120(2)	Phil Marshall
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)? Does the complaints register include all	Yes		Phil Marshall



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information required by section 5.121(2)?					
3	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		Phil Marshall

### 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 Financial Management Reg 5(2)(c) within the three years prior to 31 December 2021? If yes, please provide the date of council's resolution to accept the report.	Yes	30/09/2021	Phil Marshall
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 Audit Reg 17 within the three years prior to 31 December 2021? If yes, please provide date of council's resolution to accept the report.	Yes	30/09/2021	Phil Marshall
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C?	Yes		Phil Marshall
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		Phil Marshall
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)?	Yes		Phil Marshall
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?	No	This will be completed and submitted to the 17th March 2022 meeting of council	Phil Marshall
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2020/2021 financial year and publish it on the local government's official website by 31 July 2021?	Yes		Phil Marshall
8	s6.4(3)	By 30 September 2021, did the local government submit to its auditor the balanced accounts and annual financial	Yes		Phil Marshall





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report for the year ending 30 June 2021?				
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	Phil Marshall

### Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments	Respondent
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (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	Please note that all comments have been predicated on that no tenders were called for in the calendar year in review.	Phil Marshall
2	s3.57 F&G Reg 11	Subject to F&G Reg 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 F&G Reg 11(1)?	N/A		Phil Marshall
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	N/A		Phil Marshall
4	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	Yes		Phil Marshall
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		Phil Marshall
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	N/A		Phil Marshall
7	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 and publish it on the local government's official website?	N/A		Phil Marshall



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8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A	Phil Marshall
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	N/A	Phil Marshall
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?	N/A	Phil Marshall
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22?	N/A	Phil Marshall
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	Phil Marshall
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under F&G Reg 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	Phil Marshall
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 F&G Reg 24?	N/A	Phil Marshall
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 F&G Reg 24AD(4) and 24AE?	N/A	Phil Marshall
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	Phil Marshall
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 F&G Reg 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	Phil Marshall
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 F&G Reg 24AG?	N/A	Phil Marshall
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	Phil Marshall
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local	N/A	Phil Marshall





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		government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?		
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	Phil Marshall
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F?	N/A	Phil Marshall

I certify this Compliance Audit Return has been adopted by council at its meeting on \_\_\_\_\_

\_\_\_\_\_  
Signed Mayor/President, Laverton

\_\_\_\_\_  
Signed CEO, Laverton

## **5. CLOSURE OF MEETING**

The Presiding Person declared the meeting closed at 4:54pm

## **6. CERTIFICATION OF MINUTES**

**I, Patrick Hill, hereby certify that the Minutes of the Audit and Risk Committee Meeting held on 17 February 2022 are confirmed as a true and correct record, by resolution of the meeting of the Audit and Risk Committee held on**

**SIGNED:** \_\_\_\_\_ **DATED:** \_\_\_\_\_