SHIRE OF DENMARK

Minutes

SHIRE OF DENMARK
AUDIT, RISK AND IMPROVEMENT COMMITTEE

HELD IN THE COUNCIL CHAMBERS,
953 SOUTH COAST HIGHWAY, DENMARK,
TUESDAY, 25 AUGUST 2026

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DISCLAIMER

These minutes and resolutions are subject to confirmation by the Committee and therefore prior to relying on them, one should refer to the subsequent meeting of the Committee with respect to their accuracy.

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1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

2.09 – The Deputy Presiding Person, Mr Alan Lamb, declared the meeting open.

2. RECORD OF ATTENDANCE/APOLOGIES/APPROVED LEAVE OF ABSENCE

MEMBERS:
Alan Lamb (Deputy Presiding Person)
Cr Kingsley Gibson
Cr Jay Hockey

STAFF:
Kellie Jenkins (Executive Manager Corporate Services)
Kristie Buss (Executive Support Officer)

APOLOGIES:
Cr Alex Sleeman
Cr Dominic Youel
Cr Nathan Devenport

ON LEAVE OF ABSENCE:
Nil

ABSENT:
Nil

VISITORS:
Nil

3. DECLARATIONS OF INTEREST
Nil

4. ANNOUNCEMENTS BY THE PERSON PRESIDING
Nil

5. CONFIRMATION OF MINUTES

5.1 AUDIT COMMITTEE MEETING

COMMITTEE RESOLUTION & OFFICER RECOMMENDATION	ITEM 5.1
MOVED: CR GIBSON	SECONDED: CR HOCKEY

That the Minutes of the Shire of Denmark Audit Advisory Committee meeting held on 11 March 2025, be confirmed as a true and correct record of the proceedings.

CARRIED: 3/0

TOTAL VOTES FOR: 3
Alan Lamb, Cr Gibson and Cr Hockey.

TOTAL VOTES AGAINST: 0

6. 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

Nil

7. OFFICER REPORTS

7.1 COMPLIANCE AUDIT RETURN 2025

File Reference	FIN.8
Applicant	Not applicable
Disclosure of Officer Interest	Nil
Date	20 July 2026
Author	Claire Thompson, Governance Coordinator
Authorising Officer	David King, Chief Executive Officer
Attachments	7.1 – Compliance Audit Return

EXECUTIVE SUMMARY

(1) The Audit, Risk and Improvement Committee (ARIC) is required to review the 2025 Compliance Audit Return (CAR) and report to Council the results of the review.

VOTING REQUIREMENTS

(2) Simple Majority

COMMITTEE RECOMMENDATION & OFFICER RECOMMENDATION ITEM 7.1
MOVED: CR GIBSON SECONDED: CR HOCKEY

That following review of the 2025 Compliance Audit Return for the period 1 January 2025 to 31 December 2025, the Audit, Risk & Improvement Committee:

1. REPORT that there were two areas of non-compliance relating to local law reviews and information contained within the tenders register;
2. ADVISE Council that the Committee is satisfied with the actions taken and actions proposed to be taken, as stated within the Officer Report;
3. RECOMMEND that Council adopt the 2025 Compliance Audit Return.

CARRIED: 3/0

TOTAL VOTES FOR: 3
Alan Lamb, Cr Gibson and Cr Hockey.

TOTAL VOTES AGAINST: 0

LOCATION

(3) Not applicable.

BACKGROUND

(4) Each year a local government is required to review their compliance with key legislative requirements under the Local Government Act 1995 and associated regulations.

(5) The annual compliance period is 1 January to 31 December.

(6) This year’s CAR is required to be submitted to the Local Government Inspector by 30 September 2026.

DISCUSSION / OFFICER COMMENTS

(7) Two areas of non-compliance have been identified. Below are the details and any progress, actions completed or proposed.

Review of Local Laws (s 3.16)

(8) Schedule 9.3 relates to transitional provisions relating to the Local Government Amendment Act 2024. Clause 65 refers to the pre-amendment requirement of section 3.16 that local laws must be reviewed every 8 years.

(9) The Shire of Denmark has 8 local laws that have not been reviewed in the previous 8 years.

(10) The Pest Plants Local Law review commenced in 2025, with submissions being collated and anticipated to be presented to Council in August 2026 for advertising.

(11) Council initiated a review of the remaining 7 in March 2026. It is anticipated that a report with submissions will also be presented to Council in August 2026.

(12) ACTION: a review of the 8 local laws is in progress and will be completed by the 7 December 2026.

Tenders Register

(13) Regulation 17 of the Local Government (Functions and General) Regulations 1996 requires certain information to be recorded in a local government's Tender Register, and that the register be published online.

(14) While the register is now on the Shire's website in the correct format, not all information, dating back to 2020/2021 financial year, has been recorded. This is largely because the tender process for individual tenders can vary depending on which organisational team or officer responsible.

(15) ACTION: the tender advertising and registration process has been transferred to the Shire's Governance Team to ensure future consistency and compliance.

CONSULTATION AND EXTERNAL ADVICE

(16) 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 and believes that no additional external/internal engagement or consultation is required.

STATUTORY / LEGAL IMPLICATIONS

Local Government Act 1995

(17) Section 7.13(1)(i) – local government required to carry out an audit of compliance with such statutory requirements as are prescribed.

(18) Section 14(1) – local government must carry out an compliance audit of the local government's compliance with the statutory requirements prescribed by regulation 13, for the period 1 January to 31 December each year.

(19) Section 14(2)—(4) – Chief Executive Officer must provide a copy of the completed CAR to the ARIC which must review and report to Council the results of that review. The ARIC must make any recommendations that the committee considers appropriate in relation to the CAR.

Local Government (Audit) Regulations 1996

(20) Regulation 13 – prescribes the statutory requirements of the CAR. These are the legislative provisions to which the local government must review the compliance of.

(21) Regulation 15 – Adopted and signed CAR must be given to the Local Government Inspector.

STRATEGIC / POLICY IMPLICATIONS

(22) Nil

FINANCIAL IMPLICATIONS

(23) Nil

OTHER IMPLICATIONS

Environmental

(24) There are no known significant environmental implications relating to the report or officer recommendation.

Economic

(25) There are no known significant economic implications relating to the report or officer recommendation.

Social

(26) There are no known significant social considerations relating to the report or officer recommendation.

RISK MANAGEMENT

(27) A risk assessment has been undertaken per the Council's Risk Management Policy, and no risks have been identified in relation to the officer recommendation or the report.

7.2 REGULATION 17 REVIEW 2026

File Reference	FIN.8
Applicant	Not applicable
Disclosure of Officer Interest	Nil
Date	23 July 2026
Author	Kellie Jenkins, Executive Manager Corporate Services
Authorising Officer	David King, Chief Executive Officer
Attachments	7.2 – Regulation 17 Review Report

EXECUTIVE SUMMARY

(1) This report presents the Shire of Denmark's 2026 Regulation 17 Review, undertaken independently by Lincolns in accordance with the Local Government (Audit) Regulations 1996.

(2) The review assessed the appropriateness and effectiveness of the Shire's systems and procedures for risk management, internal control and legislative compliance. It concluded that the Shire has appropriate and generally effective systems in place, with no systemic control failures identified.

(3) One medium-risk governance enhancement was identified relating to the formalisation of fraud and corruption controls. The remaining recommendations are improvement opportunities intended to strengthen governance maturity, risk reporting, ICT and business continuity visibility, targeted assurance and public interest disclosure transparency.

(4) The officer recommendation is for Council to receive the Regulation 17 Review Report and note the findings, recommendations and management comments.

VOTING REQUIREMENTS

(5) Simple Majority

COMMITTEE RECOMMENDATION & OFFICER RECOMMENDATION ITEM 5.2
MOVED: CR HOCKEY SECONDED: CR GIBSON

In accordance with Regulation 17 of the Local Government (Audit) Regulations 1996, the Audit, Risk & Improvement Committee recommends Council:

1. RECEIVE the Regulation 17 Review Report of the systems and processes established by management in relation to Risk Management, Internal Control, and Legislative Compliance, as required under the Local Government (Audit) Regulations 1996; and
2. NOTE the findings and recommendations identified and the management comments.

CARRIED: 3/0

TOTAL VOTES FOR: 3
Alan Lamb, Cr Gibson and Cr Hockey.

TOTAL VOTES AGAINST: 0

LOCATION

(6) Not applicable.

BACKGROUND

(7) Regulation 17 of the Local Government (Audit) Regulations 1996 requires the Chief Executive Officer to review the appropriateness and effectiveness of a local government's systems and procedures in relation to risk management, internal control and legislative compliance at least once every three financial years.

(8) The Chief Executive Officer is required to report the results of the review to the Audit, Risk and Improvement Committee. The Committee must then review the report and recommend to Council any actions it considers appropriate in relation to the review.

(9) Lincolns was engaged to undertake an independent Regulation 17 Review for the Shire of Denmark. The review was conducted as a limited assurance engagement and included discussions with relevant officers, review of key governance documents, and testing of selected controls and processes.

(10) The final review report is provided as an attachment to this agenda item and includes management comments against each finding and recommendation.

DISCUSSION / OFFICER COMMENTS

(11) The purpose of the Regulation 17 Review is to provide Council and the Audit, Risk and Improvement Committee with assurance that the Shire's key governance systems are appropriately designed and operating effectively. The review considered the Shire's policies, registers, delegations, reporting arrangements, ICT controls, fraud and corruption controls, business continuity arrangements, compliance processes and other supporting governance documentation.

Review outcomes

(12) The review concluded that the Shire has established appropriate systems and procedures across the three Regulation 17 areas of risk management, internal control and legislative compliance.

(13) In relation to risk management, the review found that the Shire maintains a documented Risk Management Policy and Risk Management Register, with risks assigned to owners and treatment actions. The review noted that governance oversight is provided through established committee processes, while also identifying an opportunity to improve the visibility of enterprise-level ICT, cyber security and business continuity risks.

(14) In relation to internal control, the review found that the Shire maintains a generally sound internal control environment supported by documented policies, delegations,

external audit oversight and Financial Management Reviews. The main improvement identified was the need to consolidate existing fraud and corruption controls into a formal Fraud Control Framework.

(15) In relation to legislative compliance, the review found that the Shire has appropriate processes in place, including completion and review of Compliance Audit Returns, Regulation 17 reviews, external audit processes and publicly accessible reporting pathways for complaints and public interest disclosures.

(16) No systemic control failures were identified. The recommendations are focused on practical governance improvements that can be implemented progressively and proportionately, having regard to the Shire's size, resourcing and risk profile.

Key recommendations

(17) The review identified one medium-risk issue relating to fraud and corruption controls. It recommends that the Shire develop a consolidated Fraud Control Framework, supported by a documented fraud risk assessment, clearer prevention, detection, investigation and reporting protocols, refresher fraud awareness training, and periodic reporting to the Audit, Risk and Improvement Committee.

(18) The review also recommends that the Risk Management Register be updated to more clearly document enterprise-level ICT, cyber security and business continuity risks, including associated controls and review mechanisms.

(19) Additional recommendation-only matters relate to periodic review of cyber insurance coverage, consideration of targeted internal assurance activities in higher-risk areas, periodic risk reporting to the Audit, Risk and Improvement Committee or Council, and reinstating the Public Interest Disclosure procedure on the Shire's website.

(20) Management supports the recommendations and has proposed a staged and proportionate implementation approach. This recognises existing controls already in place while ensuring the Shire continues to strengthen governance visibility, assurance and compliance over time.

CONSULTATION AND EXTERNAL ADVICE

(21) The Regulation 17 Review was undertaken independently by Lincolns, with input from relevant Shire officers and review of supporting governance documentation. The review report, findings and management comments have been considered through the Audit, Risk and Improvement Committee process prior to presentation to Council.

STATUTORY / LEGAL IMPLICATIONS

Local Government Act 1995

(22) Section 7.1A establishes the requirement for local governments to have an Audit, Risk and Improvement Committee.

(23) Section 7.13 provides for regulations to be made in relation to audits and related matters, including functions of audit committees and requirements for reviews of prescribed systems and procedures.

Local Government (Audit) Regulations 1996

(24) Regulation 16 requires the Audit, Risk and Improvement Committee to review a report given to it by the Chief Executive Officer under Regulation 17 and report to Council the results of that review.

(25) Regulation 17 requires the Chief Executive Officer to review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance, and report the results of the review to the Audit, Risk and Improvement Committee.

STRATEGIC / POLICY IMPLICATIONS

(26) The review supports the Shire's commitment to good governance, accountability, risk management, legislative compliance and continuous improvement.

(27) Implementation of the recommendations will also support stronger alignment between the Shire's risk management framework, internal control environment, ICT governance, fraud control arrangements and public reporting pathways.

FINANCIAL IMPLICATIONS

(28) There are no immediate financial implications arising from Council receiving and noting the report.

(29) Most recommendations can be progressed through existing administrative and governance processes. Any future actions requiring additional expenditure, such as external assurance activities or expanded training, will be considered through normal budget processes.

OTHER IMPLICATIONS

Environmental

(30) There are no known significant environmental implications relating to the report or officer recommendation.

Economic

(31) There are no known significant economic implications relating to the report or officer recommendation.

Social

(32) There are no known significant social considerations relating to the report or officer recommendation.

RISK MANAGEMENT

(33) The Regulation 17 Review is a key governance and risk assurance activity. Receiving and noting the report supports Council's oversight of the Shire's risk management, internal control and legislative compliance systems.

(34) Implementation of the recommendations will further strengthen the Shire's risk visibility, fraud and corruption control arrangements, ICT and business continuity oversight, assurance planning and transparency of public interest disclosure processes.

(35) The risk of not progressing the recommendations is that governance maturity improvements may not be fully realised, particularly in relation to fraud control formalisation and structured reporting of key risks.

7.3 FINANCIAL MANAGEMENT REVIEW 2026

File Reference	FIN.8
Applicant	Not applicable
Disclosure of Officer Interest	Nil
Date	23 July 2026
Author	Kellie Jenkins, Executive Manager Corporate Services
Authorising Officer	David King, Chief Executive Officer
Attachments	7.3 – Financial Management Review Report

EXECUTIVE SUMMARY

(1) This report presents the final Financial Management Review for the Shire of Denmark, undertaken by Lincolns in accordance with Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996.

(2) The review found that the Shire's financial management systems and processes are generally operating effectively and support the effective management of public funds in all material respects. No high-risk matters were identified. One medium-risk matter relating to contract management oversight and three low-risk matters relating to cash handling, rate-exempt properties and purchase order timing were identified as opportunities for improvement.

VOTING REQUIREMENTS

(3) Simple Majority

COMMITTEE RECOMMENDATION & OFFICER RECOMMENDATION ITEM 7.3
MOVED: CR GIBSON SECONDED: CR HOCKEY

That the Audit, Risk and Improvement Committee recommends Council:

1. RECEIVE the Financial Management Review Report prepared by Lincolns in accordance with Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996; and
2. NOTE the review findings, recommendations and management comments, including the proposed actions to strengthen contract management oversight, cash handling documentation, rate-exempt property records and purchase order controls.

CARRIED: 3/0

TOTAL VOTES FOR: 3
Alan Lamb, Cr Gibson and Cr Hockey.

TOTAL VOTES AGAINST: 0

LOCATION

(4) Not applicable.

BACKGROUND

(5) Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 requires the Chief Executive Officer to ensure that reviews of the appropriateness and effectiveness of the local government's financial management systems and procedures are undertaken at least once every three financial years.

(6) Lincolns was engaged to undertake an independent Financial Management Review of the Shire's financial management systems, processes and controls. The review was conducted in accordance with ASAE 3000, which is the assurance standard used for reviews that are not audits of financial statements. This means Lincolns undertook a structured review process and provided limited assurance about whether the Shire's key financial management controls were appropriately designed and operating as intended.

(7) The final review report, including management comments, is provided as an attachment for the Committee's consideration and acceptance before being recommended to Council.

DISCUSSION / OFFICER COMMENTS

(8) The Financial Management Review adopted a structured, risk-based approach and included review of financial policies, procedures, registers, reports and supporting documentation; discussions with management and relevant officers; sample-based testing of key controls; and evaluation against legislative requirements and better-practice guidance.

Review outcomes

(9) The review concluded that the Shire has established financial management systems and processes that generally support the effective management of public funds and meet the intent of the Local Government (Financial Management) Regulations 1996.

(10) Based on the procedures performed, controls were found to be operating consistently and were supported by appropriate documentation and governance practices in the areas tested.

(11) No high-risk matters were identified. One medium-risk matter was identified in relation to contract management oversight, and three low-risk matters were identified relating to cash handling, rate-exempt property records and the timing of purchase orders.

(12) The matters identified do not indicate fundamental weaknesses in the Shire's financial management framework. They are opportunities to strengthen oversight, improve consistency in the application of controls, and enhance documentation and evidencing of key processes.

(13) The review also noted that controls relating to accounts payable, general ledger management, payroll processing and investment monitoring were supported by appropriate documentation and demonstrated consistent application across the review period.

Key recommendations

(14) The medium-risk recommendation relates to contract management. The review recommends establishing and maintaining a consolidated organisation-wide contract register, together with formal processes to monitor cumulative supplier expenditure, contract expiry, variations and key contract management activities across directorates.

(15) The low-risk recommendations relate to strengthening cash handling procedures and evidence of review across cash collection points, improving documentation and periodic review of rate-exempt property records, and reinforcing the requirement for purchase orders to be raised before expenditure is committed.

(16) Management comments have been included in the final report. The responses support a staged and proportionate approach to implementation, recognising the Shire's size, available resources, current systems and the level of risk identified.

CONSULTATION AND EXTERNAL ADVICE

(17) The Financial Management Review was undertaken independently by Lincolns, with input from management and relevant Shire officers. No further external consultation is required for the Committee or Council to receive and note the report.

STATUTORY / LEGAL IMPLICATIONS

Local Government Act 1995

(18) Section 7.13(1)(i) provides for compliance audits against prescribed statutory requirements.

Local Government (Financial Management) Regulations 1996

(19) Regulation 5(2)(c) requires the Chief Executive Officer to ensure that reviews of the appropriateness and effectiveness of the local government's financial management systems and procedures are undertaken regularly, and not less than once in every three financial years.

STRATEGIC / POLICY IMPLICATIONS

(20) The review supports the Shire's commitment to sound financial governance, accountability, risk management and continuous improvement.

FINANCIAL IMPLICATIONS

(21) There are no immediate financial implications from Council receiving and noting the report. Any future actions requiring additional expenditure will be considered through the normal budget process.

OTHER IMPLICATIONS

Environmental

(22) There are no known significant environmental implications relating to the report or officer recommendation.

Economic

(23) There are no known significant economic implications relating to the report or officer recommendation.

Social

(24) There are no known significant social considerations relating to the report or officer recommendation.

RISK MANAGEMENT

(25) The review is an important financial governance and assurance activity. The findings do not indicate systemic control failure; however, implementing the agreed actions will strengthen contract management oversight, cash handling documentation, rate exemption records and purchase order compliance.

7.4 ANNUAL AUDIT REPORT JUNE 2025

File Reference	FIN.8
Applicant	Not applicable
Disclosure of Officer Interest	Nil
Date	23 July 2026
Author	Kellie Jenkins, Executive Manager Corporate Services
Authorising Officer	David King, Chief Executive Officer
Attachments	7.4 – Report to the Audit Committee for the Year Ended 30 June 2025

EXECUTIVE SUMMARY

(1) This report presents the Annual Audit Report for the Shire of Denmark for the financial year ended 30 June 2025, including the auditor’s report to the Audit Committee prepared by Lincolns on behalf of the Office of the Auditor General.

(2) The audit is expected to result in an unmodified audit opinion, with an emphasis of matter relating to a prior year error correction for the recognition of the waste site rehabilitation asset and provision. The audit identified no unresolved high-risk governance matters. Management letter findings from the interim and year-end audit were reported as resolved.

VOTING REQUIREMENTS

(3) Simple Majority.

OFFICER RECOMMENDATION

That the Audit, Risk and Improvement Committee recommends Council:

1. RECEIVE the Annual Audit Report for the year ended 30 June 2025, including the report to the Audit Committee prepared by Lincolns on behalf of the Office of the Auditor General; and

2. NOTE the audit findings, corrected and uncorrected audit misstatements, management letter findings and actions identified for consideration in future reporting periods.

REASON FOR CHANGE

Following publication of the Agenda, the Officer Recommendation was amended because Council had already endorsed the Annual Audit Report at its meeting held on 9 December 2025. This item relates only to the report to the Audit Committee included as an attachment.

COMMITTEE RESOLUTION & AMENDED OFFICER RECOMMENDATION	ITEM 7.4
MOVED: CR HOCKEY	SECONDED: CR GIBSON

That the Audit, Risk and Improvement Committee recommends Council:

1. NOTE the report to the Audit Committee for the year ended 30 June 2025, prepared by Lincolns on behalf of the Office of the Auditor General; and
2. NOTE the audit findings, corrected and uncorrected audit misstatements, management letter findings and actions identified for consideration in future reporting periods.

CARRIED: 3/0

TOTAL VOTES FOR: 3
Alan Lamb, Cr Gibson and Cr Hockey.

TOTAL VOTES AGAINST: 0

LOCATION

(4) Not applicable.

BACKGROUND

(5) The Shire's annual financial report for the year ended 30 June 2025 has been audited by Lincolns on behalf of the Office of the Auditor General in accordance with Australian Auditing Standards.

(6) The purpose of the audit is to enable the Auditor General to express an opinion on whether the Shire's financial report presents fairly, in all material respects, the Shire's financial position and financial performance in accordance with applicable accounting standards and local government legislation.

(7) The auditor's report to the Audit Committee summarises the audit status, key areas of audit focus, accounting and auditing matters, audit misstatements, management letter findings and actions for consideration in future audits.

DISCUSSION / OFFICER COMMENTS

(8) The audit considered key financial statement risk areas including grant funding and other revenue, rates, expenses, payroll and provisions, governance monitoring of the control environment, management override of controls, property, infrastructure, plant and equipment, accounting estimates, restricted reserves and IT controls.

Audit outcomes

(9) The auditor has completed the audit for the year ended 30 June 2025, subject to receipt of the signed management representation letters and signed financial statements.

(10) The auditor expects to recommend an unmodified audit report to the Office of the Auditor General, with an emphasis of matter relating to a prior year error correction for the waste site rehabilitation asset and provision.

(11) The audit report notes that the financial statements received on 8 September 2025 were considered audit ready for reporting purposes.

(12) Audit work indicated that the areas tested were materially correct or supported by sufficient audit evidence, including revenue, rates, expenses, payroll, provisions, fixed assets, accounting estimates and reserve movements.

(13) The audit also reported that management was applying effective controls and that sufficient audit evidence was obtained to support the view that controls were operating effectively in the areas tested.

Audit misstatements and management letter matters

(14) Two uncorrected audit misstatements were identified. These related to insurance expenses reported in materials and contracts, and a plant purchase expensed to materials and contracts rather than capitalised.

(15) One corrected audit misstatement related to the prior year error correction for recognition of the waste site rehabilitation asset and provision, including associated finance expense, depreciation expense and retained earnings adjustments.

(16) The management letter matters reported for 2025 were a payroll pay rate update error from the interim audit, assessed as moderate and resolved, and a possibly contaminated site review from the year-end audit, assessed as significant and resolved.

CONSULTATION AND EXTERNAL ADVICE

(17) The annual audit was undertaken independently by Lincolns on behalf of the Office of the Auditor General. Management and relevant Shire officers provided information and responses as part of the audit process. No further external consultation is required for the Committee or Council to receive and note the report.

STATUTORY / LEGAL IMPLICATIONS

Local Government Act 1995

(18) Part 7 of the Local Government Act 1995 establishes the audit requirements for local governments, including the role of the Auditor General and the consideration of audit matters by the local government's audit committee.

Local Government (Financial Management) Regulations 1996

(19) The annual financial report and audit process are also supported by the Local Government (Financial Management) Regulations 1996, which prescribe financial reporting requirements for local governments.

STRATEGIC / POLICY IMPLICATIONS

(20) The annual audit supports the Shire's commitment to transparent financial reporting, sound governance, accountability and continuous improvement in financial management and internal controls.

FINANCIAL IMPLICATIONS

(21) There are no immediate financial implications from Council receiving and noting the annual audit report. Any future actions arising from audit recommendations or changes to accounting standards will be considered through the normal budget and reporting processes.

OTHER IMPLICATIONS

Environmental

(22) There are no known significant environmental implications relating to the report or officer recommendation.

Economic

(23) There are no known significant economic implications relating to the report or officer recommendation.

Social

(24) There are no known significant social considerations relating to the report or officer recommendation.

RISK MANAGEMENT

(25) The annual audit is a key financial governance and assurance activity. The audit outcome does not indicate systemic control failure; however, the audit matters identified should continue to be monitored to support accurate financial reporting, timely corrective action and ongoing improvement in internal controls.

8. GENERAL BUSINESS

Nil

9. NEXT MEETING

The next meeting of the Shire of Denmark Audit, Risk and Improvement Committee will be held as required.

10. CLOSURE OF MEETING

2.24 – The Deputy Presiding Person, Mr Alan Lamb declared the meeting closed.

These minutes were confirmed at the meeting of the ___________________________

Signed: ____

(Deputy Presiding Person at the meeting at which the minutes were confirmed.)

SHIRE OF DENMARK

Minutes

SHIRE OF DENMARK
AUDIT ADVISORY COMMITTEE

HELD IN THE COUNCIL CHAMBERS,
953 SOUTH COAST HIGHWAY, DENMARK,
TUESDAY, 11 MARCH 2025.

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DISCLAIMER

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1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

3.04pm – The Presiding Person, Cr Wiggins, declared the meeting open and acknowledged the traditional owners of the land on which the meeting was being held.

2. 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

VISITORS:
Nil

3. DECLARATIONS OF INTEREST

Nil

4. ANNOUNCEMENTS BY THE PERSON PRESIDING

5. CONFIRMATION OF MINUTES

5.1 AUDIT COMMITTEE MEETING

COMMITTEE RESOLUTION & OFFICER RECOMMENDATION ITEM 5.1
MOVED: CR ORMSBY SECONDED: CR CARMAN

That the Minutes of the Shire of Denmark Audit Advisory Committee meeting held on 12 March 2024, be confirmed as a true and correct record of the proceedings.

CARRIED: 6/0

TOTAL VOTES FOR: 6
Cr Wiggins, Cr Gibson, Cr Devenport, Cr Ormsby, Cr Carman and Cr Campbell.

TOTAL VOTES AGAINST: 0

6. 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
Nil

7. OFFICER REPORTS

7.1 COMPLIANCE AUDIT RETURN 2024

File Ref:	FIN.8.A
Applicant / Proponent:	Not applicable
Subject Land / Locality:	Not applicable
Disclosure of Officer Interest:	Nil
Date:	25 February 2025
Author:	Claire Thompson, Governance Coordinator
Authorising Officer:	David King, Chief Executive Officer
Attachments:	7.1 - 2024 Compliance Audit Return

IN BRIEF

- The Audit Advisory Committee is required to review the 2024 Compliance Audit Return and report to Council the results of the review.

VOTING REQUIREMENTS

1. Simple majority.

COMMITTEE RECOMMENDATION & OFFICER RECOMMENDATION ITEM 7.1
MOVED: CR CAMPBELL SECONDED: CR DEVENPORT

That the Audit Advisory Committee REPORTS to Council that there were no areas of non-compliance identified for 2024 and RECOMMENDS that Council ADOPT the 2024 Compliance Audit Return and submit a certified copy to the Director General of the Department of Local Government, Sport and Cultural Industries by 31 March 2025.

CARRIED: 6/0

TOTAL VOTES FOR: 6
Cr Wiggins, Cr Gibson, Cr Devenport, Cr Ormsby, Cr Carman and Cr Campbell.

TOTAL VOTES AGAINST: 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 2024 Compliance Audit Return is attached (see Attachment 5.1).

6. There were no areas of non-compliance identified.

CONSULTATION AND EXTERNAL ADVICE

7. Relevant Shire employees have been consulted.

STATUTORY / LEGAL IMPLICATIONS

Local Government (Audit) Regulations 1996

8. Regulation 14(1)—(2) - a local government to carry out a compliance audit each year in a form approved by the Minister.

9. Regulation 14(3A) – the audit committee to review the compliance audit and report to Council the results of that review.

10. Regulation 14(3) – that the compliance audit return be presented to and adopted by Council.

11. Regulation 15 – a certified copy of the compliance audit return to be given to the Departmental CEO by the 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.

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

File Ref:	FIN.8A
Applicant / Proponent:	Not applicable
Subject Land / Locality:	Not applicable
Disclosure of Officer Interest:	Nil
Date:	24 February 2025
Author:	Kellie Jenkins, Executive Manager Corporate Services
Authorising Officer:	Kellie Jenkins, Executive Manager Corporate Services
Attachments:	7.2 – 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.

COMMITTEE DECISION & OFFICER RECOMMENDATION ITEM 7.2
MOVED: CR ORMSBY SECONDED: CR CARMAN

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 as Attachment 5.2.

CARRIED: 6/0

TOTAL VOTES FOR: 6
Cr Wiggins, Cr Gibson, Cr Devenport, Cr Ormsby, Cr Carman and Cr Campbell.

TOTAL VOTES AGAINST: 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".

4. At the meeting held on 12 February 2024 the Committee received the Financial Management Review Progress Report to March 2024 from Officers.

DISCUSSION / OFFICER COMMENTS

5. 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

6. 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

7. 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

8. 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

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

OTHER IMPLICATIONS

Environmental

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

Economic

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

Social

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

RISK MANAGEMENT

13. 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. GENERAL BUSINESS

8.1 NEXT FINANCIAL AND RISK MANAGEMENT REVIEW

The Executive Manager Corporate Services advised that the next review would be undertaken during the 2025/26 financial year.

9. NEXT MEETING

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

10. CLOSURE OF MEETING

3.11pm – The Presiding Person, Cr Wiggins declared the meeting closed.

These minutes were confirmed at the meeting of the ____________________________

Signed: ____

(Presiding Person at the meeting at which the minutes were confirmed.)

SHIRE OF DENMARK

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

These minutes and resolutions are subject to confirmation by the Committee and therefore prior to relying on them, one should refer to the subsequent meeting of the Committee with respect to their accuracy.

No responsibility whatsoever is implied or accepted by the Shire of Denmark for any act, omission or statement or intimation occurring during Council/Committee meetings or during formal/informal conversations with staff.

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In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a license, any statement or limitation or approval made by a member or officer of the Shire of Denmark during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Denmark. The Shire of Denmark warns that anyone who has an application lodged with the Shire of Denmark must obtain and should only rely on <u>WRITTEN CONFIRMATION</u> of the outcome of the application, and any conditions attaching to the decision made by the Shire of Denmark in respect of the application.

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

RESOLUTION & OFFICER RECOMMENDATION	ITEM 6.1
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

File Ref:	FIN.8A
Applicant / Proponent:	Not applicable
Subject Land / Locality:	Not applicable
Disclosure of Officer Interest:	Nil
Date:	28 February 2024
Author:	Kellie Jenkins, Executive Manager Corporate Services
Authorising Officer:	Kellie Jenkins, Executive Manager Corporate Services
Attachments:	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.

RESOLUTION & OFFICER RECOMMENDATION	ITEM 8.1
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:

<u>Organisational</u>
Engagement and decision-making
We want the reasons for decisions to be explained and transparent.

FINANCIAL IMPLICATIONS

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

OTHER IMPLICATIONS

Environmental

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

Economic

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

Social

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

RISK MANAGEMENT

12. 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

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

IN BRIEF

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

VOTING REQUIREMENTS

1. Simple majority.

RESOLUTION & COMMITTEE RECOMMENDATION ITEM 8.2
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
953 South Coast Highway (PO Box 183), Denmark WA 6333
Ph: (08) 9848 0300 | Email: enquiries@denmark.wa.gov.au
Website: www.denmark.wa.gov.au

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

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.	• Risks are not being reasonably managed and decreases the likelihood of some of the Shire's objectives being met.	1. Review and refine Risk Management Policies and Procedures to ensure they are fit for purpose. 2. Ensure Strategic, Operational and Major Project Risk Plans are complete and accurate. 3. Provide refresher training to key stakeholders on Risk Management.	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 recommendation 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 Coporate 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	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. 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. The following legislative/regulatory breaches were identified during the review: Frequency of Regulation 17 and Section 5 reviews 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. This 2023 review is 4 years after the last review and is contrary to the regulatory requirement for them to be to done every three years. Tender Register Regulation 17 of the Local Government (Functions and General) Regulations 1996 requires: (1)The CEO is responsible for keeping the tenders register and making it available for public inspection. (1A)The CEO must publish the tenders register on the local government's official website. 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.	• Non-compliance with legislative and regulatory requirements; • Reputational damage; and • Financial loss through the imposition of legislative penalties.	1. A compliance calendar covering local government and other legislative/regulatory requirements be completed. 2. Regulation 17 and Section 5 reviews be conducted every 3 years. 3. A Tender Register be maintained and be made available for public inspection. 4. Staff be reminded of the need to keep SOD records in the Records Management System.	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. 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. 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. 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. 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.	M	Executive Manager Coporate Services	1. Compliance Calendar using WALGA template. 2. FMR Reg 17 review conducted every 3 years. 3. Tender Register be maintained and be avilable for public inspection. 4. Records Management System reminder to staff.	July 2023	1. Ongoing - action date deferred until December 2024. 2. Ongoing - to be added to compliance calendar. 3. Completed - Tender Register 2023/2024 published on Shire Website. 4. Completed.

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 Co ordinator 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.	• Errors made in employee's remuneration	1. 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	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 Documens 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	The previous Regulation 17 and Section 5 review was reported on in September 2019. The following recommendations for improvements in the 2019 report have not been actioned: • Risk Management; • Tender Register; • Audit Practices; • Frequency of Regulation 17 review	• Fraud	The recommendations for improvement in the 2019 report on Regulation 17 and Section 5 be actioned	Risk Management As per observation and response # 1. Tender Register 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. Audit Practices 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. Frequency of Audit Regulation 17 review Response as per observation and response # 2	M	Executive Manager Coporate Services	1. Review Risk Management Policy and F ramework. 2. Tender Register 3. Audit Practices - internal auditors 4. Frequency of FMR Reg 17 review	July 2023	1. Proposed 2024/25 Budget - action date deferred until December 2024. 2. Completed - Tender Register 2023/2024 published on Shire Website. 3. Audit Practices - no further action. 4. Ongoing - to be added to compliance calendar.
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	I reviewed reconciliations in the following areas: • fixed asset reconciliations; • investment reconciliations; • trust and other bonds reconciliations; • rates reconciliations; • payroll reconciliations; • debtors reconciliations; and • creditors reconciliations 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. There were many instances where the abovementioned requirements were not met. SOD advised this was in part due to a technological issue.	• Data integrity errors; • Financial loss; and • Reputational damage	1. Reconciliations be normally done within a month of the end of the reconciliation period. 2. Reconciliations be signed and dated by the subordinate preparing officer and similarly by the reviewing manager.	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. 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. 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. 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.	M	Executive Manager Coporate 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	I noted in performing my audit testing of payments there were payments made to suppliers for: Creditor Name Payment Amount Albany City Motors $96.25 Deputy.Com $68.20 Jones Lang Lasalle $9.16 Mocean Wellness $60.00 T & C Supplies $96.80 Toll Global Express $40.48 The administrative cost of making these payments, such as raising a purchase order, would exceed the payment amount.	• Administrative inefficiency	SOD consider adopting a risk based approach to the making of low value payments that may involve the use of corporate credit cards.	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.	L	Executive Manager Coporate Services	Consider low value payments on coporate 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."	• Fraud • Financial loss; and • Reputational damage	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 Coporate 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: • four (33%) had been reviewed in the last three years; • two (17%) had no details of prior review/amendment or when the policy had come into effect; and • 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	• Outdated practice leads to financial irregularities or administrative inefficiency	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 Coporate 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.	• Councillors are unable to reasonably discharge their oversight duties in a timely manner.	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 Coporate Services	No further Action	Not Applicable	No further Action

Compliance Audit Return 2023

Commercial Enterprises by Local Governments

No	Reference	Question	Yes / No / N/A	Comments
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 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	Yes / No / N/A	Comments
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 *Local Government Act 1995* ?	Yes	
4	s5.18	Were all delegations to committees recorded in a register of delegations?	Yes	
5	s5.18	Has council reviewed delegations to its committees in the 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 *Local Government Act 1995* ?	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	Yes / No / N/A	Comments
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the *Local Government Act 1995* , did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	N/A	
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the *Local Government Act 1995* recorded in the minutes of the meeting at which the disclosures were made?	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 *Local Government Act 1995* ?	Yes	
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the *Local Government Act 1995* , in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the *Local Government Act 1995* , did the CEO remove from the register all returns relating to that person?	Yes	
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the *Local Government Act 1995* been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Lo*cal Government Act 1995,* in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	

12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the *Local Government Act 1995* , did the CEO remove from the register all records relating to those people?	Yes	
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) of the *Local Government Act 1995* been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	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 *Local Government Act 1995* relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) of the Local Government Act 1995 recorded in the minutes of the council meeting at which the decision was considered?	N/A	
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates 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 *Local Government Act 1995?*	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 *Local Government Act 1995* (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 *Local Government Act 1995* , 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 Local Government (Elections) Regulations 1997?	Yes	
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?	N/A	
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?	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 Local Government Act 1995?	Yes	
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the *Local Government Act 1995* , did it do so by absolute majority?	Yes	
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 *Local Government Act 1995* required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	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 *Local Government Act 1995* , 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	

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 *Local Government Act 1995* ?	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 *Local Government Act 1995* ?	Yes	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the *Local Government Act 1995* ?	Yes	
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	

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 *Local Government Act 1995* , were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	N/A	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 *Local Government Act 1995* ?	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	

Department of
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COMPLIANCE AUDIT RETURN 2024 – SHIRE OF DENMARK

Commercial Enterprises by Local Governments				
No	**Reference**	**Question**	**Response**	**Comments**
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2024?	Not applicable	
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 2024?	Not applicable	
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 2024?	Not applicable	
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 2024?	Not applicable	
5	s3.59(5)	During 2024, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	Not applicable	

Delegation of Power/Duty				
No	**Reference**	**Question**	**Response**	**Comments**
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 *Local Government Act 1995*?	Yes	
4	s5.18	Were all delegations to committees recorded in a register of delegations?	Yes	
5	s5.18	Has council reviewed delegations to its committees in the 2023/2024 financial year?	Yes	November 2024
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the *Local Government Act 1995*?	Yes	
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	

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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 2023/2024 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**	**Response**	**Comments**
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the *Local Government Act 1995,* did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the *Local Government (Administration) Regulations 1996* regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Not applicable	
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the *Local Government Act 1995* recorded in the minutes of the meeting at which the disclosures were made?	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 2024?	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	

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7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the *Local Government Act 1995*?	Yes	
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the *Local Government Act 1995,* in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the *Local Government Act 1995*, did the CEO remove from the register all returns relating to that person?	Yes	
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the *Local Government Act 1995* been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the *Local Government Act 1995*, in the form prescribed in the *Local Government (Administration) Regulations 1996,* regulation 28A?	Yes	
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the *Local Government Act 1995*, did the CEO remove from the register all records relating to those people?	Yes	
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) *Local Government Act 1995* been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	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 section 5.71A(1) of the *Local Government Act 1995* relates, did the application include details of the nature of the	Not applicable	

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		interest disclosed and any other information required by the Minister for the purposes of the application?		
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under section 5.71B(6) of the *Local Government Act 1995,* recorded in the minutes of the council meeting at which the decision was considered?	Not apicable	
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 *Local Government Act 1995*?	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 employee of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes Yes	

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

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Elections				
No	**Reference**	**Question**	**Response**	**Comments**
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the *Local Government (Elections) Regulations 1997*?	Yes	
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the *Local Government (Elections) Regulations 1997*?	Yes	
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the *Local Government (Elections) Regulations 1997*?	Yes	

Finance				
No	**Reference**	**Question**	**Response**	**Comments**
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the *Local Government Act 1995*?	Yes	
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the *Local Government Act 1995*, did it do so by absolute majority?	Yes	
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2024 received by the local government by 31 December 2024?	Yes	

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4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the *Local Government Act 1995* required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Not applicable	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?	Not applicable	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 *Local Government Act 1995*, did the CEO publish a copy of the report on the local government's official website?	Not applicable	No report required.
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2024 received by the local government within 30 days of completion of the audit?	Yes	

Integrated Planning and Reporting

No	Reference	Question	Response	Comments
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	27 June 2023 (major review)
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	25 June 2025
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	

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Local Government Employees				
No	**Reference**	**Question**	**Response**	**Comments**
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with *Local Government (Administration) Regulations 1996*, regulation 18A?	Yes	
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	Not applicable	
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the *Local Government Act 1995*?	Not applicable	
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?	Not applicable	

Official Conduct				
No	**Reference**	**Question**	**Response**	**Comments**
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 *Local Government Act 1995*?	Yes	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the *Local Government Act 1995*?	Yes	
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	

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Optional Questions				
No	**Reference**	**Question**	**Response**	**Comments**
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the *Local Government (Financial Management) Regulations 1996* regulations 5(2)(c) within the three financial years prior to 31 December 2024? If yes, please provide the date of council's resolution to accept the report.	No	
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 2024? If yes, please provide date of council's resolution to accept the report.	No	
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of *the Local Government Act 1995,* were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	Not applicable	
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 *Local Government Act 1995?*	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 2024?	Yes	

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8	s6.4(3)	By 30 September 2024, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2024?	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	Response	Comments
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the *Local Government (Functions and General) Regulations 1996*, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, $250,000 or less or worth $250,000 or less?	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	

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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?	Yes	
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?	Yes	
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?	Yes	
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?	Yes	
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?	Yes	
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with *Local Government (Functions & General) Regulations 1996* regulations 24AD(4) and 24AE?	Not applicable	
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?	Not applicable	

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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?	Not applicable	
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?	Not applicable	
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?	Not applicable	
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?	Not applicable	
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	Not applicable	
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	

______________________________________ ______________________

Chief Executive Officer Date

______________________________________ ______________________

Mayor/President Date

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 2025
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.	• Risks are not being reasonably managed and decreases the likelihood of some of the Shire's objectives being met.	1. Review and refine Risk Management Policies and Procedures to ensure they are fit for purpose. 2. Ensure Strategic, Operational and Major Project Risk Plans are complete and accurate. 3. Provide refresher training to key stakeholders on Risk Management.	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 recommendation 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 Coporate 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	Ongoing - proposed Risk Management Policy for Council Consideration March 2025.
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 2025**
2	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. 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. The following legislative/regulatory breaches were identified during the review: <u>Frequency of Regulation 17 and Section 5 reviews</u> 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. This 2023 review is 4 years after the last review and is contrary to the regulatory requirement for them to be to done every three years. <u>Tender Register</u> Regulation 17 of the Local Government (Functions and General) Regulations 1996 requires: (1)The CEO is responsible for keeping the tenders register and making it available for public inspection. (1A)The CEO must publish the tenders register on the local government's official website. 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.	• Non-compliance with legislative and regulatory requirements; • Reputational damage; and • Financial loss through the imposition of legislative penalties.	1. A compliance calendar covering local government and other legislative/regulatory requirements be completed. 2. Regulation 17 and Section 5 reviews be conducted every 3 years. 3. A Tender Register be maintained and be made available for public inspection. 4. Staff be reminded of the need to keep SOD records in the Records Management System.	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. 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. 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. 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. 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.	M	Executive Manager Coporate Services	1. Compliance Calendar using WALGA template. 2. FMR Reg 17 review conducted every 3 years. 3. Tender Register be maintained and be avilable for public inspection. 4. Records Management System reminder to staff.	July 2023	1. Ongoing - action date deferred until May 2025. 2. Ongoing - proposed 2025/26 Budget - to be completed prior to June 2026. 3. Completed - Tender Register 2023/2024 published on Shire Website. 4. Completed.
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 2025**
3	I sighted an email from the Human Resources Co ordinator 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.	• Errors made in employee's remuneration	1. 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	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	Completed - Memo signed by CEO for individual changes to employees remuneration. Consolidated Documens 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 2025
4	The previous Regulation 17 and Section 5 review was reported on in September 2019. The following recommendations for improvements in the 2019 report have not been actioned: • Risk Management; • Tender Register; • Audit Practices; • Frequency of Regulation 17 review	• Fraud	The recommendations for improvement in the 2019 report on Regulation 17 and Section 5 be actioned	Risk Management As per observation and response # 1. Tender Register 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. Audit Practices 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. Frequency of Audit Regulation 17 review Response as per observation and response # 2	M	Executive Manager Coporate Services	1. Review Risk Management Policy and F ramework. 2. Tender Register 3. Audit Practices - internal auditors 4. Frequency of FMR Reg 17 review	July 2023	1. Ongoing - proposed Risk Management Policy for Council Consideration March 2025. 2. Completed - Tender Register 2023/2024 published on Shire Website. 3. Audit Practices - no further action. 4. Ongoing - proposed 2025/26 Budget - to be completed prior to June 2026.

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 2025
5	I reviewed reconciliations in the following areas: • fixed asset reconciliations; • investment reconciliations; • trust and other bonds reconciliations; • rates reconciliations; • payroll reconciliations; • debtors reconciliations; and • creditors reconciliations 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. There were many instances where the abovementioned requirements were not met. SOD advised this was in part due to a technological issue.	• Data integrity errors; • Financial loss; and • Reputational damage	1. Reconciliations be normally done within a month of the end of the reconciliation period. 2. Reconciliations be signed and dated by the subordinate preparing officer and similarly by the reviewing manager.	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. 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. 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. 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.	M	Executive Manager Coporate 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 2025
6	I noted in performing my audit testing of payments there were payments made to suppliers for: Creditor Name Payment Amount Albany City Motors $96.25 Deputy.Com $68.20 Jones Lang Lasalle $9.16 Mocean Wellness $60.00 T & C Supplies $96.80 Toll Global Express $40.48 The administrative cost of making these payments, such as raising a purchase order, would exceed the payment amount.	• Administrative inefficiency	SOD consider adopting a risk based approach to the making of low value payments that may involve the use of corporate credit cards.	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.	L	Executive Manager Coporate Services	Consider low value payments on coporate 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 2025
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."	• Fraud • Financial loss; and • Reputational damage	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 Coporate 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: • four (33%) had been reviewed in the last three years; • two (17%) had no details of prior review/amendment or when the policy had come into effect; and • 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	• Outdated practice leads to financial irregularities or administrative inefficiency	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 Coporate 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 - council policy review resolution 100924 OCM 24 September 2024, Rating Equity Policy resolution 060724 30 July 2024.

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 2025
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.	• Councillors are unable to reasonably discharge their oversight duties in a timely manner.	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 2025
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 Coporate Services	No further Action	Not Applicable	No further Action

SHIRE OF DENMARK

Compliance Audit Return 2025 Questions

Regulation 14 of the Local Government (Audit) Regulations 1996 requires local governments to carry out a compliance audit return for the period of 1 January to 31 December of each year.

Reference	Question	Response
Local Government Act 1995		
s. 2.29	Has every person elected or appointed to a mayor, president, deputy, or councillor role made the required declaration in the prescribed form before a prescribed person, prior to acting in the office?	Yes
s. 3.16	Has the local government reviewed local laws which have not been reviewed in the previous 8 years, to ensure compliance with Schedule 9.3, Clause 65?	No, in progress
s. 3.57	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	Yes
s. 3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the *Local Government Act 1995* (unless section 3.58(5) applies)?	Yes
s. 3.58(4)	Where the local government disposed of property under section 3.58(3) of the *Local Government Act 1995*, did it provide details, as prescribed by section 3.58(4) of the Act, in the required local public notice for each disposal of property?	Yes
s. 3.59(2)(a)	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2025?	Not applicable
s. 3.59(2)(b)	Has the local government prepared a business plan for each major land transaction that was not exempt in 2025?	Not applicable
s. 3.59(2)(c)	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2025?	Not applicable
s. 3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2025?	Not applicable
s. 3.59(5)	During 2025, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	Not applicable
s. 5.16 (1)	Were all delegations to committees resolved by absolute majority?	Yes
s. 5.16 (2)	Were all delegations to committees in writing?	Yes
s. 5.17	Were all delegations to committees within the limits specified in section 5.17 of the *Local Government Act 1995*?	Yes
s. 5.18	Were all delegations to committees recorded in a register of delegations?	Yes
s. 5.36(4) & s. 5.37(3)	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	Not applicable

s. 5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee? 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?	Not applicable
s. 5.39B	Has the local government adopted and maintained model standards that incorporate the prescribed model standards within required timeframes (including amendments), ensured adoption by absolute majority, published an up-to-date version on its official website, and avoided including any inconsistent additional provisions?	Yes
s. 5.42	Were all delegations to the CEO resolved by an absolute majority? Were all delegations to the CEO in writing?	Yes
s. 5.43	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the *Local Government Act 1995* ?	Yes
s. 5.44(2)	Were all employees delegated authority by the CEO under Section 5.44(1), issued with a written instrument of delegation?	Yes
s. 5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	Yes
s. 5.46	Has the CEO kept a register of all delegations made under Division 4 of the *Local Government Act 1995* to the CEO and to employees? Were all delegations made under Division 4 reviewed by the delegator at least once during the 2024/2025 financial year? 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 Yes Yes
s. 5.50	If the local government paid a finishing employee an amount in addition to their entitlement, did the local government follow a policy it had adopted and published on the website? outlining the circumstances in relation to payments made to terminated employees? If the local government made a payment to a finishing employee that is more than the amount set out in the policy, was local public notice given?	Not applicable
s. 5.51A	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 Yes
s. 5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the *Local Government Act 1995* , did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes

s. 5.68(2)	Were all decisions regarding participation approval in relation to Section 5.68(2), including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Not applicable
s. 5.69(5)	Were all decisions regarding participation approval in relation to Section 5.69(5), including the extent of participation allowed recorded in the minutes of the relevant council or committee meeting?	Not applicable
s. 5.70	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes
s. 5.71B(5) and (7)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the *Local Government Act 1995* relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application? Was any decision made by the Minister under section 5.71B(6) of the *Local Government Act 1995*, recorded in the minutes of the council meeting at which the decision was considered?	Not applicable Not applicable
s. 5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the *Local Government Act 1995* recorded in the minutes of the meeting at which the disclosures were made?	Yes
s. 5.75	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes
s. 5.76	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2025?	Yes
s. 5.77	On receipt of a primary or annual return, did the CEO, or the Mayor/President, as the case may be, give written acknowledgment of having received the return?	Yes
s. 5.88	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995? Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28? After a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the *Local Government Act 1995*, did the CEO remove from the register all returns relating to that person? Have all returns removed from the register in accordance with section 5.88(3) of the *Local Government Act 1995* been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes Yes Yes Yes

s. 5.89A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the *Local Government Act 1995* , in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A? Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes Yes
s. 5.90A	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes
s. 5.94	Does the local government have information available for members of the public to inspect, free of charge as prescribed under section 5.94 and Admin Reg 29, except where restricted under this section?	Yes
s. 5.96	Where a person is entitled to inspect information under this Division, can the local government confirm that copies are available and that the price at which it sells copies does not exceed the cost of providing them, (unless prescribed otherwise)?	Yes
s. 5.96A	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the *Local Government Act 1995* ?	Yes
s. 5.104	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates that incorporates the model code of conduct? Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the *Local Government Act 1995* ? 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 No Yes
s. 5.128	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes

s. 7.12A(3), (4) and (5)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters? 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? Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the *Local Government Act 1995* , did the CEO publish a copy of the report on the local government's official website?	Yes Not applicable Not applicable Not applicable
Local Government (Administration) Regulations 1996		
Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the *Local Government Act 1995* ?	Not applicable
Reg 19AB	Does the code of conduct contain the requirement that a local government employee (not including the CEO) must not accept a prohibited gift from an associated person?	Yes
Reg 19AC	Does the local government's code of conduct include requirements for the recording, storing, disclosure, and use of information relating to gifts accepted by local government employees (excluding the CEO) from associated persons, in accordance with regulatory requirements?	Yes
Reg 19AE	Does the local government's code of conduct include requirements addressing employee behaviour in the performance of duties, interactions with others, use and disclosure of information, use of local government resources and finances, the keeping of records, and the reporting and management of suspected breaches and misconduct, in accordance with regulatory requirements?	Yes
Reg 19B	Did the local government include in its annual report all information required under section 5.53(2)(g) and (i) and regulation 3A(2), including number of employee's in salary bands over $130,000, remuneration and allowances paid, ordered payments, CEO remuneration, council member meeting attendance, available demographic information about council members, and details of any modifications to the strategic community plan or significant modifications to the corporate business plan?	Yes
Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If yes, provide the date of the most recent review	Yes, August 2025

Reg 19DA	Has the local government reviewed its corporate business plan in accordance with Admin Regulation 19DA(4) ? If yes, provide date of review Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes, August 2025 Yes
Reg 22	Asked as part of question s5.75	
Reg 23	Asked as part of question s5.76	
Reg 28	Asked as part of question s5.88(1)	
Reg 28A	Asked as part of question s5.89A(1)	
Reg 29	Asked as part of question s5.94	
Reg 29C	Does the local government publish all prescribed information on its official website— including up-to-date policies, required details of council member and employee returns, council member fees and allowances, and relevant public notices—within the specified timeframes and in accordance with legislative requirements?	Yes
Reg 35	Has every local government council member completed and passed the Council Member Essentials course, consisting of the five required modules and delivered by an approved provider, within 12 months of being elected?	Yes
Reg 36	Does the local government appropriately identify and document council members who are exempt from the training requirements under section 5.126(1), including verifying that the member: - has completed an approved course within the specified 5-year period prior to election, or - completed the LGASS00002 Elected Member Skill Set before 1 July 2019 within the relevant timeframe, or - qualifies for the transitional exemption applicable to council members in office at the commencement of the 2019 regulatory amendments?	Yes
Local Government (Audit) Regulations 1996		
Reg 10	Was the auditor's report for the financial year ending 30 June 2025 received by the local government within 30 days of completion of the audit?	Yes
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 2025? If yes, provide date of council's resolution to accept the report.	Yes, June 2023
Local Government (Constitution) Regulations 1998		
Reg 11FA	Did the CEO provide the Minister a report as to the result of the election within 14 days of the declaration and in the form of Form 20 of the Local Government (Elections) Regulations 1997, modified as necessary?	Yes
Reg 13	Were all required oaths, affirmations and declarations under section 2.42 (in relation to Commissioners) made in the correct form (Form 8), before the appropriate authorised person?	Yes

Local Government (Elections) Regulations 1997		
Reg 30G	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997? Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?	Yes Not applicable
Local Government (Financial Management) Regulations 1996		
Reg 5	Has the CEO ensured efficient systems and procedures are established under provisions set out in Financial Management Regulations 5(1)(a) to (g)?	Yes
Reg 6	Has the local government ensured that any employee delegated responsibility for day-to-day accounting or financial management operations is not also delegated the responsibility for conducting internal audits, reviewing their own duties, or for managing, directing or supervising someone who carries out these functions?	Yes
Reg 7	Did the local government ensure it has regard to the needs of the inhabitants of the district as a whole and not keep separate ward accounts or determine expenditure on the basis of revenue from a ward?	Yes
Reg 8	Does the local government maintain separate accounts with a bank or other financial institution for money to be held in the municipal fund, trust fund and for reserve account purposes?	Yes
Reg 9	Did the local government keep separate financial records for each trading undertaking and each major land transaction?	Not applicable
Reg 11	Has the local government developed procedures for the authorisation of, and the payment of, accounts in accordance with Local Government (Financial Management) Regulations 11(1), (2) and (3)?	Yes
Reg 12	Were payments made from the municipal fund or trust fund made by the CEO under a delegated authority or authorised, in accordance with regulation 13(2), in advance by a council resolution?	Yes
Reg 13	Can the local government confirm that, where the CEO has been delegated authority to make payments from the municipal or trust fund, the CEO prepared accurate monthly lists that are presented at the next ordinary council meeting and recorded in the minutes that: - include the payee’s name, payment amount, payment date, and sufficient information to identify each transaction where payments have already been made; or - include the payee’s name, payment amount, sufficient information to identify each transaction, and the date of the council meeting (to which the list will be presented) for accounts requiring council approval?	Yes

Reg 13A	Did the local government prepare a list each month of all payments made using employee-authorised credit, debit or other purchasing cards, and include the payee’s name, the amount of the payment, the date of the payment, sufficient information to identify the payment, and present the list at the next ordinary council meeting (and record in the minutes)?	Yes
Reg 19	Has the local government established and documented internal control procedures to enable identification of the nature and location of all investments and any related transactions?	Yes
Reg 19C	Has the local government ensured that all investments made under section 6.14(1) comply with statutory restrictions set out in Financial Management Reg. 19C?	Yes
Local Government (Functions and General) Regulations 1996		
Reg 7	Asked as part of question s3.59(2)	
Reg 9	Asked as part of question s3.59(2)	
Reg 10	Asked as part of question s3.59(2)	
Reg 11A	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, $250,000 or less or worth $250,000 or less?	Yes
Reg 11	Asked as part of question s3.57	
Reg 12	Did the local government consider the implications of Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	Not applicable
Reg 14(1), (3) and (5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation?	Yes
Reg 15	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes
Reg 16	Asked as part of question Reg 15	
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?	No
Reg 18(1) and (4)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender? 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?	No Yes
Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes

Reg 21	Does the local government's advertising and expression of interest processes for limiting who can tender comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	Yes
Reg 22	Asked as part of question Reg 21	
Reg 23	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice? 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?	Not applicable Yes
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?	Yes
Reg 24AD(2), (4) and (6)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions & General) Regulations 1996 regulations 24AD(4) and 24AE? 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?	Not applicable Not applicable
Reg 24AE	Asked as part of question Reg 24AD(2), (4) and (6)	
Reg 24AF	Asked as part of question Reg 24AD(2), (4) and (6)	
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?	Not applicable
Reg 24AH(1) and (3)	Did the local government reject any applications to join a panel of prequalified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications? 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?	Not applicable Not applicable
Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	Not applicable
Reg 24E	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	Yes
Reg 24F	Asked as part of question Reg 24	

Lincolns

Shire of Denmark

Regulation 17 Review

13 March 2026

FINAL Review Report

For Management Comment

(Review in Confidence)

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Regulation 17 Review Summary and Conclusion

Introduction

Lincolns has been engaged by the Shire of Denmark to undertake a comprehensive Regulation 17 Review of the systems and processes established by management in relation to Risk Management, Internal Control, and Legislative Compliance, as required under the Local Government (Audit) Regulations 1996.

The objective of the review was to assess whether the Shire's systems and processes are appropriately designed and operating effectively, to identify areas of strength, and to highlight opportunities for improvement consistent with better-practice expectations for Western Australian local governments, having regard to the Shire's size, complexity and risk profile.

The engagement was conducted independently and in accordance with *ASAE 3000 – Assurance Engagements Other than Audits or Reviews of Historical Financial Information.* The review was not designed to identify all control deficiencies or instances of non-compliance, but rather to provide reasonable insight into the overall adequacy and effectiveness of the Shire's governance, risk and compliance frameworks.

Scope and Methodology

The review focused on evaluating whether the Shire has implemented appropriate and effective systems, policies and procedures to support sound governance, accountability and compliance with legislative requirements.

Consistent with the agreed engagement documentation, the scope of the review included the following prescribed areas under Regulation 17:

- **Risk Management:** Identification, assessment, treatment, monitoring and reporting of strategic and operational risks, including integration with business continuity planning and ICT disaster recovery arrangements.
- **Internal Control:** Financial and non-financial controls, policy and delegation frameworks, ICT governance and controls, fraud and corruption prevention mechanisms, and accountability and oversight processes.
- **Legislative Compliance:** Systems and procedures to support compliance with applicable legislation and regulations, including Integrated Planning and Reporting (IPR) obligations under the *Local Government Act 1995* and subsidiary regulations.

The methodology adopted was risk-based and practical, designed to balance compliance testing with the identification of governance maturity and improvement opportunities.

Key elements of the methodology included:

1. **Planning and Liaison**
   Review of prior Regulation 17 reports, confirmation of scope and objectives, and identification of key stakeholders, documentation and information sources.
2. **Information Gathering**
   Discussions with relevant officers to understand the design and operation of systems and controls, together with examination of supporting documentation including policies, registers, plans, Council and previous Audit Committee minutes, and management reports.
3. **Testing and Evaluation**
   Assessment of the design and operating effectiveness of selected controls through targeted sampling, document review and cross-referencing to governance and reporting processes.
4. **Reporting**
   Compilation of findings, conclusions and recommendations, clearly distinguishing between mandatory legislative requirements and better-practice improvement opportunities, and calibrating risk ratings accordingly.

The review provides limited assurance in line with the professional standards above. The procedures undertaken were designed to obtain sufficient evidence to form a conclusion but not to identify every possible deficiency.

Review Work Program

The review work program was structured around the three prescribed areas of Regulation 17, supported by specific testing and document verification activities.

Risk Management

The review evaluated the Shire's risk management framework, including the existence and maintenance of strategic and operational risk registers, risk ownership arrangements, and governance and reporting processes. Consideration was given to the integration of risk management with business continuity planning, ICT disaster recovery arrangements and insurance coverage. The frequency and nature of risk reporting to the Audit, Risk and Improvement Committee and Council were also assessed.

Internal Control

The review assessed the design and implementation of internal controls across key business functions. This included examination of the policy framework, delegation and approval processes, segregation of duties, ICT controls (including user access, backups and system resilience), fraud and corruption prevention mechanisms, and awareness and reporting processes. Testing also considered the currency of policies and the adequacy of procedures to support consistent application of controls across the organisation.

Legislative Compliance

The review verified the existence and effectiveness of systems and processes to support compliance with legislative and regulatory obligations. This included consideration of Compliance Audit Returns, records management practices, and Integrated Planning and Reporting documentation such as the Strategic Community Plan, Corporate Business Plan, Asset Management Plans, Workforce planning arrangements and the Long-Term Financial Plan. The review focused on whether these documents are in place, aligned and subject to appropriate governance oversight.

Review Conclusions

Based on our assessment of the management controls and processes that exist at the Shire regarding the above three key areas of the Regulation 17 review — Risk Management, Internal Control, and Legislative Compliance — we wish to conclude as follows:

Risk Management

The Shire maintains a documented Risk Management Policy and Risk Register supported by defined ownership and mitigation strategies. Governance oversight is provided through the Audit, Risk & Improvement Committee and integration with broader compliance reporting processes. The framework is appropriate and operational for a Local Government of the size and scale of the Shire of Denmark.

Opportunities exist to improve visibility of key organisation-wide risks, particularly those relating to ICT, cyber security and business continuity risks. Providing periodic risk reports to the Audit, Risk & Improvement Committee would further strengthen oversight.

Key Points:

- Risk Management Policy and Risk Register are in place.
- Risks are assigned owners and treatments.
- Governance oversight occurs through established committee processes.
- Enterprise-level ICT and business continuity risks could be more explicitly articulated.
- Structured periodic reporting would enhance transparency.

Overall, the Shire's risk management systems are appropriate and effective, with identified recommendations aimed at strengthening structured oversight rather than addressing control deficiencies.

Internal Control

The Shire maintains a generally sound internal control environment supported by documented policies, defined delegations, external audit oversight and recurring Financial Management Reviews (FMR).

Foundational fraud and corruption controls are embedded within the Shire's governance, financial and ICT control frameworks. While a consolidated Fraud Control Framework has not been formalised, existing controls provide reasonable assurance that fraud risks are mitigated. Formalising these arrangements into a single documented framework would further enhance clarity and governance visibility under Regulation 17.

ICT governance documentation is in place, including the Responsible Use of ICT Operational Standard, daily backup monitoring processes and documented disaster recovery arrangements supported by quarterly recovery testing. While current controls provide reasonable assurance, further enhancement through more formalised documentation of testing outcomes, structured log review processes and clearer alignment of ICT risks within the enterprise risk register would strengthen demonstrable ICT control assurance under Regulation 17

While a standalone internal audit plan is not maintained, assurance is obtained through statutory audits and governance review mechanisms. Targeted assurance reviews in higher-risk or emerging areas may provide additional value over time, however the cost benefit needs to be assessed on a case by case basis.

Key Points:

- Governance and financial control frameworks are documented and current.
- External audit and Financial Management Reviews provide independent oversight.
- ICT governance documentation and operational controls are established, supported by active monitoring and disaster recovery testing.
- Fraud and corruption controls are embedded within existing frameworks; however, further consolidation into a formalised framework would enhance governance visibility. Refresher Fraud Awareness Training should also be undertaken.
- Consideration of targeted, risk-based internal assurance activities may strengthen forward-looking oversight.

Overall, internal control systems are appropriate and functioning, with recommendations focused on structured enhancement and governance maturity.

Legislative Compliance

The Shire demonstrates appropriate processes to support legislative compliance. Compliance Audit Returns (CAR) are completed and reviewed, Regulation 17 reviews are undertaken as required and governance matters are reported to the Audit, Risk & Improvement Committee.

Public reporting pathways for complaints and Public Interest Disclosures are established and accessible via the Shire's website.

Key Points:

- Compliance Audit Returns are completed and formally reviewed.
- Regulation 17 and external audit processes support oversight.
- Public Interest Disclosure mechanisms are established and publicly accessible.

Legislative compliance systems are considered appropriate and effective for the purposes of Regulation 17, with recommendations directed toward strengthening transparency and structured oversight.

Overall Summary

The review confirms that:

- The Shire has established appropriate systems and procedures across Risk Management, Internal Control and Legislative Compliance.
- Core governance frameworks are in place and functioning.
- External and statutory assurance mechanisms are active and effective.
- One medium governance enhancement was identified relating to fraud control formalisation.
- All other matters are recommendation-only improvements aimed at strengthening governance maturity, structured reporting and assurance transparency.

No systemic control failures were identified. The recommendations provided support progressive governance enhancement and continued strengthening of the Shire's assurance environment under Regulation 17

Findings and Recommendations

The following matters were identified which have been reported below for consideration by Shire management:

Medium Risk Issues

1. Fraud & Corruption Controls

Finding

The Shire has established foundational fraud and corruption controls, including a documented Fraud Policy outlining reporting pathways and expected standards of conduct. Fraud awareness is incorporated into staff induction processes, and governance oversight of fraud-related matters occurs through the Audit, Risk & Improvement Committee and broader risk management processes.

While these arrangements provide a baseline level of fraud risk management, the Shire does not currently maintain a consolidated Fraud Control Framework integrating prevention, detection, response and monitoring mechanisms within a structured program. In particular:

- A documented fraud risk assessment was not evidenced.
- Fraud risk is not clearly articulated within the corporate risk register.
- Periodic reporting of fraud risk exposure and control effectiveness to the Audit, Risk & Improvement Committee is not formalised.
- Ongoing refresher fraud awareness training beyond induction is not structured or documented.

These matters do not indicate that fraud risks are unmanaged. However, greater formalisation of fraud control mechanisms would strengthen internal control assurance, improve visibility of fraud risk exposure and align the Shire more closely with contemporary better practice standards under Regulation 17.

Recommendation

It is recommended that the CEO formalise fraud and corruption controls through the development and adoption of a documented Fraud Control Framework. This framework should:

• Incorporate a documented and periodically reviewed fraud risk assessment.
• Clearly articulate fraud risks within the Corporate Risk Management Register.
• Define prevention, detection, investigation and reporting protocols within a structured framework.
• Establish structured refresher fraud awareness training for staff and elected members, in addition to induction training.
• Provide for periodic reporting of fraud risk exposure and control effectiveness to the Audit, Risk & Improvement Committee.

Formalising these arrangements would strengthen internal control assurance, enhance governance transparency and support the CEO’s responsibilities under Regulation 17 relating to internal control and risk management.

Management Comments

Management acknowledges the recommendation and supports the development of a consolidated Fraud Control Framework. As a small regional local government with limited staffing and financial capacity, the Shire will adopt a staged and proportionate approach that builds on existing controls already in place, including the Fraud Policy, induction processes and committee oversight.

Initial work will focus on documenting current practices and undertaking a fraud risk assessment, with further enhancements—such as refresher training and periodic reporting—implemented progressively as resources allow.

This approach meets the intent of Regulation 17 by strengthening internal control assurance while remaining achievable within available capacity.

Recommendations Only

2. Risk Register

Finding

The Shire maintains a documented "Risk Management Register" identifying key operational and service delivery risks, with assigned risk owners and mitigation strategies. The register provides a structured mechanism for identifying and managing risk and is supported by a Risk Management Policy aligned to recognised standards.

The register, however, primarily reflects operational-level risks. Enterprise-level exposures — including ICT, cyber security and business continuity risks — are not explicitly articulated at a whole-of-organisation level. While elements of these risks are managed operationally (e.g., through ICT controls, insurance coverage and disaster recovery planning), formal recognition within the corporate risk register would enhance governance visibility and strategic alignment.

The absence of explicit enterprise-level ICT and continuity risks does not indicate unmanaged exposure, but it limits consolidated oversight of emerging risks and alignment with insurance and continuity planning arrangements.

Recommendation

That management consider incorporating clearly defined enterprise-level ICT, cyber security and business continuity risks within the Risk Management Register, including documented controls and review mechanisms, to enhance whole-of-organisation risk transparency and governance oversight under Regulation 17.

Management Comments
Management supports the recommendation to incorporate enterprise-level ICT, cyber security and business continuity risks into the Risk Management Register. While ICT considerations have informed consequence ratings to date, the Shire will update the register to explicitly document organisation-wide ICT-related risks, associated controls and review mechanisms.

This will help ensure the Shire continues to meet Regulation 17 expectations for maintaining appropriate risk management systems, while aligning improvements with available staff capacity.

3. Insurance Coverage

Finding

The Shire maintains a comprehensive insurance program through LGIS, providing coverage across public liability, property, fleet, volunteer protection, management liability and cyber exposures. The overall insurance program is appropriate and broadly aligned with the Shire's operational risk profile.

Cyber insurance coverage is currently subject to a $1.0 million aggregate limit. While this provides a level of financial risk transfer, evolving cyber threats and increasing reliance on digital systems suggest that periodic reassessment of coverage adequacy would be prudent. In addition, certain governance, compliance and control risks are inherently uninsurable and therefore require continued mitigation through robust internal controls, policies and management oversight.

Recommendation

That management periodically review the adequacy of cyber insurance coverage in the context of the Shire's evolving cyber risk profile and risk appetite. Management should also ensure that uninsurable risks continue to be mitigated through effective internal control frameworks and ongoing Audit, Risk & Improvement Committee oversight.

Management Comments

Management agrees that periodic reassessment of cyber insurance coverage is appropriate. This review is incorporated into the annual LGIS renewal process, which provides an efficient and cost-effective mechanism for evaluating coverage against emerging cyber risks and the Shire's financial capacity.

Given the Shire's limited resources, integrating this assessment into existing renewal processes avoids additional administrative burden while ensuring that cyber exposures are regularly considered.

This approach maintains prudent financial management and meets the intent of Regulation 17 by ensuring that risk mitigation strategies remain aligned with the Shire's operational context and risk appetite.

4. Internal Audit

Finding

The Shire does not maintain a standalone internal audit function or formal internal audit plan. Assurance over governance, risk management and internal control is primarily obtained through statutory external audits by the Office of Auditor General WA, Regulation 17 reviews, Financial Management Reviews and compliance reporting. This approach provides reasonable independent oversight consistent with the Shire's size and complexity.

The Audit, Risk & Improvement Committee is functioning effectively and provides active oversight of audit, compliance and governance matters. However, in the absence of a structured internal audit plan, there is limited formal capacity for risk-based, forward-looking assurance over emerging or non-financial risks. A formal periodic self-assessment of Committee performance was also not evidenced.

These matters represent governance maturity enhancements rather than control deficiencies.

Recommendation

That the Audit, Risk & Improvement Committee consider whether targeted internal audit or assurance activities would add value in higher-risk or emerging areas not routinely covered by statutory audits.

The Committee may also consider undertaking a light-touch self-assessment of its effectiveness every two to three years and retaining documentation of any review undertaken.

Management Comments

Management acknowledges the recommendation. Due to the Shire's size and limited budget, establishing a standalone internal audit function is not feasible. The Shire will continue to rely on statutory external audits, Financial Management Reviews and Regulation 17 reviews as its primary assurance mechanisms.

The Audit, Risk & Improvement Committee will consider targeted, low-cost assurance reviews in higher-risk areas where clear value can be demonstrated. The Committee will also adopt a light-touch self-assessment approach to monitor its effectiveness, focused on periodic review of core governance arrangements rather than a resource-intensive evaluation. For example, the Committee will review the Audit and Risk Improvement Committee Charter (including the Terms of Reference drawn from Regulation 16 of the Local Government (Audit) Regulations 1996) at least every two years following local government elections and document the outcomes and any agreed improvements in the Committee minutes.

This approach aligns with Regulation 17 by maintaining effective oversight and proportionate assurance activities, consistent with organisational capacity.

5. Regular Risk Reports

Finding

The Risk Management Register provides a structured basis for identifying and managing risks; however, formalised periodic reporting of risk status, risk movement or treatment effectiveness to the Audit, Risk & Improvement Committee or Council was not consistently evidenced.

While risk matters are addressed through broader governance processes, introducing a scheduled reporting mechanism would improve structured visibility of risk trends and changes in exposure.

Recommendation

That management consider incorporating periodic risk reporting (for example, annually or biannually) to the Audit, Risk & Improvement Committee or Council, drawing directly from the Risk Management Register to enhance oversight of key risks and treatment progress.

Management Comments

Management has introduced structured risk reporting following the endorsement of the Risk Policy in April 2025 and the Risk Management Operational Standard in December 2025. To balance governance expectations with available resources, the Shire will communicate any reportable risks to both the Audi, Risk & Improvement Committee and Council.

This approach ensures compliance with Regulation 17's requirement for effective monitoring and reporting of risks, while remaining practical and achievable within current staffing levels.

6. Whistleblower / Complaints Handling

Finding

The Shire has established publicly accessible mechanisms for complaints handling and public interest disclosures, including a documented Public Interest Disclosure Policy and designation of a Public Interest Disclosure Officer in accordance with the Public Interest Disclosure Act 2003 (WA).

While the framework exists and reporting pathways are accessible, a detailed standalone procedure outlining how disclosures are recorded, assessed, investigated, protected and reported was not evidenced as publicly available. Formalising and publishing such procedures would strengthen transparency, consistency and staff awareness.

Recommendation

That management consider formalising and publishing a clear Public Interest Disclosure procedure aligned to legislative requirements, covering disclosure handling, confidentiality protections, investigation processes and reporting arrangements, and referencing the procedure in staff induction and governance materials.

Management Comments

Management agrees that publishing a detailed Public Interest Disclosure (PID) procedure enhances transparency and staff awareness. A comprehensive PID procedure was originally developed in 2005, reviewed in 2009, and was previously available on the Shire's website; however, it was inadvertently removed during a website refresh approximately two years ago.

The procedure continues to be incorporated into staff induction materials and will be reinstated on the Shire's website to ensure it is easily accessible to staff and the community. Restoring public access to this document ensures compliance with the Public Interest Disclosure Act 2003 and supports Regulation 17 expectations by strengthening visibility of disclosure pathways and reinforcing consistent governance practices.

Overall Summary and Next Steps

This Regulation 17 Review confirms that the Shire of Denmark has established appropriate and generally effective systems and processes relating to Risk Management, Internal Control and Legislative Compliance.
The review identified one medium-risk governance enhancement relating to the formalisation of fraud and corruption controls. All other matters identified are classified as recommendation-only improvement opportunities aimed at strengthening governance maturity, reporting transparency and structured assurance.

Importantly:

- No systemic control failures were identified.
- Core governance frameworks are in place.
- External oversight mechanisms are functioning.
- Risk and compliance matters are actively considered through established governance processes.

The recommendations provided should be viewed as progressive enhancements aligned with better-practice standards for Western Australian local governments.

Next Steps

It is recommended that:

1. Management reviews the findings and determines appropriate implementation timeframes for consideration by the Audit, Risk & Improvement Committee.
2. An action plan be developed for consideration by the Audit, Risk & Improvement Committee.
3. Progress against agreed actions be periodically reported to the Audit, Risk & Improvement Committee until completed.
4. The next Regulation 17 review incorporate follow-up testing of implemented enhancements.

Subject to the implementation of agreed recommendations, the Shire's governance framework will continue to mature and strengthen its assurance environment under Regulation 17.

Shire of Denmark

Financial Management Review

4 June 2026

FINAL Review Report

(Review in Confidence)

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Financial Management Review Summary and Conclusion

Introduction

Lincolns was engaged by the Shire of Denmark to undertake a Financial Management Review of the Shire's financial management systems, processes, and controls, in accordance with Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996.

The objective of the review was to assess the appropriateness and effectiveness of the Shire's financial management framework, identify areas of strength, and highlight opportunities for improvement consistent with better-practice standards in Western Australian local government.

The review was conducted independently and in accordance with ASAE 3000 – Assurance Engagements Other than Audits or Reviews of Historical Financial Information, providing limited assurance over the design and operation of key financial management controls.

This report outlines the work undertaken as part of the review and presents findings and recommendations for management consideration.

CEO's Responsibility for the Review Report

In accordance with Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996, the Chief Executive Officer is required to ensure that a Financial Management Review is undertaken at least once every three financial years.

This final review report, including management comments, is to be presented to the Audit Risk and Improvement Committee for consideration and acceptance.

Our Responsibility for the Review

Our responsibility was to conduct the Financial Management Review in accordance with ASAE 3000 and to report to the Chief Executive Officer and or delegated management team members on the findings arising from the review, including recommendations to strengthen financial management controls and processes where appropriate.

We confirm that we are independent of the Shire of Denmark and its operations in relation to this engagement.

Review Limitations

The matters raised in this report are those identified during the course of performing the Financial Management Review and may not represent a comprehensive statement of all possible control weaknesses or process improvement opportunities within the Shire.

The review was risk-based and did not involve the examination of every financial system, transaction, or procedure. Accordingly, assurance is limited to the areas examined and the information made available during the review.

This engagement was not an audit, and as such, the procedures performed were not designed to identify all matters that might be identified in an audit conducted in accordance with Australian Auditing Standards.

This report has been prepared solely to satisfy the requirements of Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 and should not be used for any other purpose or distributed beyond the Shire without prior consent.

Scope and Methodology

Our review adopted a structured, risk-based approach and included the following key activities:

- Review of relevant financial policies, procedures, registers, reports, and supporting documentation
- Discussions with management and relevant officers to understand financial management processes and controls
- Assessment of the design and operating effectiveness of key financial management systems and procedures through testing that these systems were being observed
- Evaluation of practices against legislative requirements and better-practice guidance released by Western Australia Local Government Association (WALGA) and the Office of Auditor General WA (OAG)

The review provides limited assurance, consistent with the professional standard applied.

Review Work Program

The Financial Management Review encompassed key financial management systems and processes as required under Regulation 5(1) of the Local Government (Financial Management) Regulations 1996. The review focused on areas assessed as having higher inherent risk and those critical to the effective management of public funds.

The following key financial management areas were included within the scope of the review:

- Procurement (including quotation and tender processes)
- Contract management
- Accounts payable
- Cash collection and handling
- Payroll and employee-related expenses
- General ledger controls, including general journals
- Rates, revenue, and debt management
- Investment management
- Asset management (excluding infrastructure assets)
- Budget development and financial reporting, including monthly Statements of Financial Activity

For each area, the review involved a combination of inquiry, walkthroughs, and sample-based testing to assess whether key controls were appropriately designed and operating in practice.

The work performed included, but was not limited to:

- Review of relevant policies, procedures, and governance frameworks to assess alignment with legislative requirements and better-practice guidance
- Examination of system-generated reports, registers, and supporting documentation to verify the existence and operation of key controls
- Sample testing of transactions across multiple periods to assess the consistency of financial processes, including:

    - Creditor payment cycles, including supporting documentation, approvals, and reconciliation to system reports
    - Payroll processing and superannuation reporting
    - General ledger journals and account reallocations
    - Investment activity and register maintenance
- Review of audit trails and system reports to assess the integrity of financial data and the operation of control processes
- Consideration of the timeliness and completeness of financial reporting to management and Council
- Discussions with relevant officers to confirm understanding of processes and to corroborate documentation reviewed

Testing was performed on a sample basis across the review period and was designed to provide reasonable, but not absolute, assurance that key financial management controls were operating as intended.

No reliance was placed on the work of internal audit, and no additional procedures were performed beyond those considered necessary to support the objectives of this review.

Review Conclusions

The Financial Management Review identified that the Shire of Denmark has established financial management systems and processes that generally support the effective management of public funds in all material respects and meet the intent of the Local Government (Financial Management) Regulations 1996.

The review was conducted on a risk-based, sample testing basis across key financial management areas. Based on the procedures performed, controls were found to be operating consistently and supported by appropriate documentation and governance practices.

One medium risk matter was identified in relation to contract management oversight. In addition, several low-risk matters were noted relating primarily to documentation, evidencing of review, and compliance with prescribed timeframes.

These matters do not indicate fundamental weaknesses in the Shire's financial management framework but represent opportunities to strengthen existing processes and control documentation.

Testing also identified a number of areas where financial management controls are operating effectively and consistently. In particular, processes relating to accounts payable, general ledger management, payroll processing, and investment monitoring were supported by appropriate documentation and demonstrated consistent application across the review period.

No high-risk matters were identified.

Overall, based on the procedures performed, nothing has come to our attention that causes us to believe that the Shire's financial management systems and processes are not operating effectively in all material respects.

This conclusion is based on sample testing and risk-based procedures and does not represent an exhaustive review of all financial transactions or controls.

Executive Management Detailed Observations

The following matters, based on testing performed and documentation reviewed as part of the Financial Management Review, were identified during the review and are reported below for consideration by Shire management. The matters identified are intended to support continuous improvement and strengthen existing governance and control practices:

Medium Risk Issues

1. Contract Management

Finding

The Shire currently maintains contract information at a directorate level; however, a consolidated, organisation-wide contract management framework has not been established. This limits central oversight and consistency application of contract management practices across the organisation. In particular, the following elements of contract management are not supported by a formal, organisation-wide approach:

- Maintenance of a consolidated contract register to monitor contract expiry and key obligations
- Monitoring of cumulative supplier expenditure across directorates
- Formalised processes for managing contract variations and approvals
- Consistent processes for contract renewal and extension approvals

In the absence of these controls, there is a risk that contractual commitments are not consistently tracked, and that cumulative expenditure with individual suppliers may exceed procurement thresholds without being readily identified. This may result in reduced visibility over contract performance and procurement compliance.

Recommendation

That management:

- Establish and maintain a consolidated, organisation-wide contract register to support effective oversight of contractual commitments, including contract expiry, variations, and compliance with procurement requirements; and
- Implement formal processes to monitor cumulative supplier expenditure and key contract management activities across directorates to support consistent and compliant practices.

Management Comments

Contract management systems are costly for our organisation and do not integrate with our current Synergy system, which would result in double handling for officers. Given the historic value of the contracts we manage, we have explored implementing a system; however, the lack of integration and competing organisational priorities mean it is not feasible at this stage. We continue to assess and monitor the associated risks, and our current processes including the use of Microsoft Project for planning and oversight are considered proportionate to the level of risk identified.

Low Risk Issues

2. Revenue - Cash Handling

Finding

Based on testing performed, cash handling procedures are in place across the Shire; however, review of supporting documentation identified opportunities to strengthen the consistency of control practices and evidencing of key cash handling activities that are occurring.

In particular:

- Documentation supporting daily cash reconciliations was not consistently retained or evidenced for the library, camp grounds and tip sites
- Independent review of cash reconciliations was not consistently documented for the library, camp grounds and tip sites

Testing also identified that while secure custody arrangements are in place for the recreational centre, physical security controls such as surveillance or monitoring are not consistently implemented across all cash collection points.

Although not a Shire priority due to the level of cash received daily, they do serve as a deterrent and a safety mechanism for staff collecting and handling cash.

While no discrepancies or errors were identified through testing, the absence of consistent documentation and evidencing of control activities, reduces the ability to demonstrate that key cash handling controls are consistently operating as intended.

Recommendation

That management:

- Formalise and document cash handling procedures, including reconciliation, review, and record retention requirements;
- Ensure that cash reconciliations are consistently prepared, independently reviewed, and appropriately evidenced across all locations where cash is received; and
- Consider the implementation of appropriate physical security measures, such as surveillance or monitoring controls, at key cash handling locations, where appropriate.

Management Comments

Management will reinforce existing cash handling requirements and strengthen documentation and review practices across collection points. Proportionate security measures will also be assessed and applied in line with the level of risk at each location.

3. Council Rates – Exempt Properties

Finding

Based on testing performed, a register of rate-exempt properties is maintained by the Shire; however, review of the register and supporting documentation identified opportunities to strengthen the completeness and evidencing of exemption status.

In particular:

- Supporting documentation to substantiate exemption status was not consistently retained or readily accessible for all properties sampled
- The basis for exemption was not consistently recorded within the register
- Evidence of periodic review or validation of exemption status was not consistently documented

While exemptions are being applied in practice, a formalised and consistently applied process to periodically verify the ongoing eligibility of exempt properties was not clearly evidenced.

In the absence of complete supporting documentation and regular review, there is a risk that exemptions may not be consistently validated or that changes in eligibility are not identified in a timely manner.

Recommendation

That management:

- Ensure the register of rate-exempt properties is supported by appropriate documentation substantiating exemption status for each property; and
- Implement and document a periodic review process to confirm the ongoing eligibility of exempt properties and maintain the accuracy and completeness of the register.

Management Comments

Management will strengthen the exempt properties register by improving supporting documentation, recording the basis for exemption, and formalising periodic review.

4. Procurement - Purchase Orders

Finding

Based on testing performed, purchase orders were in place for all transactions tested; however, in a small number of instances, the purchase order was raised after the invoice date.

This indicates that the purchase order process is generally operating effectively across the Shire, with only limited exceptions identified. In these instances, purchase orders were raised retrospectively, reducing the extent to which they function as a preventative control prior to the commitment of expenditure.

While the occurrence was not widespread, raising purchase orders after the invoice date reduces he ability to demonstrate that expenditure was approved prior to goods or services being obtained.

Recommendation

That management reinforce the requirement for purchase orders to be raised and approved prior to goods or services being ordered, except where an approved exemption applies.

Consideration could also be given to periodic monitoring of purchase order dates against invoice dates to identify and address any instances of retrospective purchase order creation.

Management Comments

Management will reinforce the requirement for purchase orders to be raised before commitment of expenditure and will monitor for any recurring exceptions.

Overall Summary and Next Steps

This review was undertaken to meet the requirements of Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 and provides limited assurance over the Shire's financial management systems and procedures.

The review identified that the Shire has established financial management processes and controls that are generally operating effectively and are appropriate for the size and complexity of the organisation.

The matters identified during the review are not indicative of systemic control failure. Rather, they relate to opportunities to strengthen oversight, improve consistency in the application of controls, and enhance documentation and evidencing of key processes.

The medium risk matter relating to contract management reflects an opportunity to improve organisation-wide visibility and monitoring of contractual arrangements. The low-risk matters identified are primarily associated with control documentation, evidencing of review, and compliance with established procedures.

Management responses to the findings, including proposed actions and timeframes, should be monitored through the Shire's governance processes to ensure timely implementation. Where appropriate, progress should be reported to the Audit, Risk and Improvement Committee as part of ongoing oversight.

This report concludes the Financial Management Review for the current review period, based on the procedures performed.

Appendix A – Risk Criteria

The following risk criteria were used to assess level of risk on review of findings included in the Review Report.

Risk Assessment Matrix

Likelihood of Risk:

Rating	Description	Frequency
1	**Rare** – May occur, only in exceptional circumstances	< once in 15 years
2	**Unlikely** – Could occur at some time	At least once in 10 years
3	**Possible** – Should occur at some time	At Least once in 3 years
4	**Likely** – Will probably occur in most circumstances	At least once per year
5	**Almost Certain** – Expected to occur in most circumstances	> Once per year

Consequence of Risk:

Description	Financial Loss	Operation	Compliance	Reputation
1. Insignificant	<$50,000	Little Impact	Minor breach of policy, or process requiring approval or variance	Unsubstantiated, low impact, low profile or no news item.
2. Minor	$50,000 to $250,000	Inconvenient Delays	Breach of policy, process or legislation requiring attention of minimal damage control	Substantiated, low impact, low news profile.
3. Moderate	$250,000 to $1 million	Significant Delays to major deliverables	Breach Requiring internal investigation, treatment or moderate damage control	Substantiated, public embarrassment, moderate impact moderate news profile.
4. Significant	$1 million to $3 million	Non achievement of major deliverables	Breach resulting in external investigation or third-party actions resulting in tangible loss and damage to reputation	Substantiated, public embarrassment, moderate impact, high news profile and 3rd party actions
5. Severe	>$3 million	Non achievement of major deliverables	Breach resulting in external investigation or third-party actions resulting in significant tangible loss and damage to reputation	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, 3rd party

Risk Rating:

Risk = Likelihood x Consequence

Score	Level of Risk	Score	Level of Risk	Score	Level of Risk
1 – 8	**Low**	9 – 19	**Medium**	20 - 25	**High**

Shire of Denmark

Report to the Audit Committee for the Year Ended 30 June 2025

Office of the Auditor General
Serving the Public Interest

Lincolns

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Executive Summary

Purpose

This report summarises significant audit findings and matters which have come to our attention during our audit of the financial statements of the Shire of Denmark for the financial year ended 30 June 2025.

This report is provided to enable the Audit Committee to clarify outstanding issues with us and discuss key audit findings. It includes only those audit matters of governance interest that have come to our attention as a result of the performance of our audit. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not usually identify all such matters.

Audit Status

We have completed our audit for the year ended 30 June 2025 except for:

- Receipt of signed Management Representation Letter to Lincolns and to Office of Auditor General
- Receipt of signed financial statements

We expect to recommend to the Office of the Auditor General an unmodified audit report with an emphasis of matter paragraph relating to a prior year error correction after these matters are completed.

Audit Misstatements

A list of corrected and uncorrected misstatements is included within this report. Additionally, corrected and uncorrected misstatements in presentations and disclosures are discussed in this section.

Disclaimer

This report is provided solely for the benefit of the Shire of Denmark and is not to be copied, quoted or referred to without prior written consent. The Auditor General and Lincolns accepts no responsibility to anyone other than the parties identified in the Local Government Act for the information contained in this report.

Audit Scope

Lincolns conducted an independent audit on behalf of the Office of the Auditor General (OAG) in order to enable the Auditor General to express an opinion to the Council on the financial report of Shire of Denmark for the year ended 30 June 2025. Our audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We perform procedures to assess whether in all material respects the financial report presents fairly, in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent that they are not inconsistent with the Act, the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996, a view which is consistent with our understanding of the Shire of Denmark's financial position and of its performance as represented by the results of its operations, changes in equity and cash flows.

Our audit procedures included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- evaluating the appropriateness of accounting policies and disclosures used, the reasonableness of accounting estimates

We considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures.

An audit is not designed to identify all matters that may be relevant to the Council and management, nor to relieve management or those in charge of governance of their responsibilities. Accordingly, this report includes only those significant matters that have come to our attention as a result of performing our audit.

Audit Focus

We refer to our audit plan where we identified areas for potential for increased audit risk and our planned responses in the audit.

The following presents our audit findings in these areas.

Area of Risk	Audit Outcomes
Grant Funding and Other Revenue	▪ Significant grant revenue was agreed to third party documentation. ▪ Audit included additional analysis of revenue allocation in accordance with AASB 15 Revenue from Contracts with Customers and AASB 1058 Income for Not For Profit Entities. ▪ Risk of fraud in the revenue cycle was also considered including testing of key controls and analytical review Audit procedures undertaken rebutted the risk of fraud to an acceptable level. ▪ We also reviewed related party transactions. The financial statements adequately disclose related party transactions for Councillors and Key Management Personnel. Grant Funding and Other Revenue as disclosed in the financial statements is materially correct.
Rates	Audit work included the following: ▪ Rateable values agreed to the Valuer General rates. ▪ We checked control procedures for the transfer of rates from Valuer General to Internal Software system. ▪ Testing of rates notices was undertaken both on a sample basis and analytically. Results supported the rate revenue and financial statement disclosures.
Expenses	Our audit of expenses included testing of key financial controls over the recognition of expenses, vouching significant expenses and analytical reviews. Expenditure as disclosed in the financial statements is materially correct.

Area of Risk	Audit Outcomes
Payroll/Provisions	Audit sampling tested payroll records to the following: ▪ Employee awards ▪ Employee contracts ▪ Check calculation of superannuation and tax ▪ Check authority to deduct salary sacrifice ▪ Check the control procedures in payroll department in line with internal policies ▪ Our audit of provisions included reviewing the reasonableness of assumptions used to calculate annual leave and long service leave ▪ Analytical review Results of audit procedures indicate employee costs are materially correct and disclosed correctly in the financial statements.
Governance's monitoring of the control environment	We reviewed council minutes for the following: ▪ Process for reviewing internal control procedures including evidence of periodic review of policy manual. ▪ Management's implementation and monitoring of new control procedures. ▪ Management's implementation and monitoring for amending current control procedures. We are satisfied that management is applying effective controls and that Council are aware of the control environment.
Management Override of Controls	Audit processes were undertaken to: ▪ Sample test and judgementally review general journals ▪ Understand and test the adequacy and effectiveness of division of duties ▪ Controls testing ▪ Substantive procedures Sufficient audit evidence was obtained to support the view that controls are operating effectively.

Area of Risk	Audit Outcomes
Property, Infrastructure, Plant & Equipment	Audit Processes were undertaken to: ▪ Sample test additions and disposals ▪ Check profit/loss on sale of assets ▪ Confirm ownership and existence of assets ▪ Recalculate Depreciation Results of audit procedures indicate fixed assets are materially correct and disclosed correctly in the financial statements.
Accounting Estimates	We reviewed the method and underlying data that management use when determining critical accounting estimates. This included considering the reasonableness of assumptions and corroborating representations. For infrastructure, property, plant and equipment we reviewed Management's assessment of the useful lives and existence of assets. We reviewed managements monitoring of impairment and determined that adequate processes exist. Audit review determined that estimates are reasonable and supported by appropriate data.
Restricted Reserve Account	We reviewed movements within the restricted reserve accounts to ensure they are approved by council and that transfers out are in accordance with the intended purpose of the respective reserve.
IT Control	We reviewed general computer controls, processes and procedures. Provided you and reviewed responses for a cyber risk assessment questionnaire to assess the shires preparedness for cyber risks. Reviewed access controls and users to your computer systems and software to ensure access is limited to current staff and those with appropriate roles for the access provided.

Accounting & Auditing Issues

Receipt of Financial Statements

The date entities provided their annual financial report to the Office has been recorded for purposes of reporting to Parliament. The date recorded for the receipt of your financial statements was 8th September 2025. The financial statements received on this date were deemed to be audit ready.

Audit Report

The audit report will have an unqualified opinion with an emphasis of matter expressed in relation to the prior year error correction for the waste site rehabilitation asset recognition.

Management Letter Findings

2025 Interim

- Payroll Payrate Update Error – Moderate, Resolved

2025 Year End

- Possibly Contaminated Site Review – Significant, Resolved

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Accounting Misstatements

Uncorrected Audit Misstatements

	Financial Statements Accounts Impacted	Statement of Financial Position Adjustment	Effect on Operation Surplus	Effect on Other Comprehensive Income	Comment
1	Materials & Contracts Insurance		($8,961 CR) $8,961 DR		Insurance expenses reported in materials & contracts
2	Materials & Contracts Plant & Equipment	 $13,510 DR	($13,510 CR)		Plant purchase expensed to materials & contracts and not capitalised.

Corrected Audit Misstatements

	Financial Statements Accounts Impacted	Statement of Financial Position Adjustment	Effect on Operation Surplus	Effect on Other Comprehensive Income	Comment
1	Other Provisions Waste Rehabilitation Asset Finance Expense Depreciation Expense Retained Earnings	$(670,549CR) $454,476 DR $175,202 DR	 $32,454 DR $8,417 DR		Prior Year Error Correction for recognition of waste site rehabilitation asset & provision

Actions/Issues for Next Year's Audit

New Accounting Standards

Future Changes to Presentation Standards
The Australian Accounting Standards Board has issued AASB 18 *Presentation and Disclosure in Financial Statements*, which will replace AASB 101 for not-for-profit public-sector entities from reporting periods beginning on or after 1 January 2028. This new standard will significantly update presentation and disclosure requirements. The Shire should monitor guidance and model templates issued by the Department of Local Government, Industry Regulation and Safety before adoption to ensure consistency across the sector. Implementation planning will commence once departmental advice and model financial statement formats become available.

Payday Superannuation
From 1 July 2026, employers will be required to pay employees' superannuation contributions at the same time as salary and wages are paid, rather than quarterly. This "payday super" reform is intended to improve employees' retirement outcomes and reduce compliance gaps. The Shire should monitor guidance from the Australian Taxation Office and WALGA on implementation requirements and system updates to ensure timely compliance ahead of the commencement date.

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