



**SHIRE OF GNOWANGERUP**  
BORDEN GNOWANGERUP ONGERUP

## **MINUTES**

### **Audit Committee Meeting**

**28 February 2024**  
**Commencing at 3:15pm**

**Ongerup Townhall**  
**Eldridge Street, Ongerup WA 6336**

[COUNCIL'S VISION](#)

## AUDIT COMMITTEE TERMS OF REFERENCE

### Objectives of the Audit Committee

The primary objective of the audit committee is to accept responsibility for the annual external audit and liaise with the local government's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

Reports from the committee will assist Council in discharging its legislative responsibilities of controlling the local government's affairs, determining the local government's policies and overseeing the allocation of the local government's finances and resources. The committee will ensure openness in the local government's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the local government's financial accounting systems and compliance with legislation.

The committee is to facilitate:

- the enhancement of the credibility and objectivity of external financial reporting;
- compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
- the provision of an effective means of communication between the external auditor, the CEO and the Council.

### Powers of the Audit Committee

The Audit committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.

The committee is a formally appointed committee of council and is responsible to that body. The committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The committee does not have any management functions and cannot involve itself in management processes or procedures.

### Membership

The committee will consist of all elected members of Council. All members shall have full voting rights.

The CEO and employees are not members of the committee.

The Deputy CEO will attend meetings, not as a member but to assist the Committee with any queries or requests for information.

The Executive Assistant or another nominated staff member will attend meetings to take the minutes.

The Presiding Member and Deputy Presiding Member must be elected in accordance with section 5.12 and Schedule 2.3 of the Act.

## Meetings

The committee shall meet at least quarterly.

Additional meetings shall be convened at the discretion of the Presiding Member.

## Reporting

Reports and recommendations of each committee meeting shall be presented to the next ordinary meeting of the Council and must be moved by the Presiding Member, or in his/her absence the Deputy Presiding Member, or in both their absences, any other member of the committee.

## Functions of the Audit Committee

The functions of the committee, pursuant to Reg. 16 of the *Local Government (Audit) Regulations 1996* will be to:

- a) guide and assist the local government in carrying out its functions:
  - i. under Part 6 (Financial Management) of the Act; and
  - ii. relating to other audits and other matters related to financial management;
- b) guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 (Audit) of the Act;
- c) review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to:
  - i. report to the council the results of that review; and
  - ii. give a copy of the CEO's report to the council;
- d) monitor and advise the CEO when the CEO is carrying out functions in relation to a review under
  - i. regulation 17(1); and
  - ii. the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);
- e) support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- f) oversee the implementation of any action that the local government:
  - i. is required to take by section 7.12A(3) of the Act; and
  - ii. has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a) of the Act; and
  - iii. has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and

- iv. has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- g) perform any other function conferred on the audit committee by these regulations or another written law.

Shire of Gnowangerup

**NOTICE OF A COMMITTEE MEETING OF COUNCIL**

Dear Committee Member

A meeting of the Audit Committee of the Shire of Gnowangerup will be held on Wednesday, 28 February 2024 at the Ongerup Town Hall, Eldridge Street, Ongerup, commencing at 3:15pm.

Signed 

**Chiara Galbraith**  
**DEPUTY CHIEF EXECUTIVE OFFICER**

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**Meaning of and CAUTION concerning Council's "In Principle" support:**

*When Council uses this expression it means that:*

- (a) Council is generally in favour of the proposal BUT is not yet willing to give its consent; and*
- (b) Importantly, Council reserves the right to (and may well) either decide against the proposal or to formally support it but with restrictive conditions or modifications.*

*Therefore, whilst you can take some comfort from Council's "support" you are clearly at risk if you act upon it before Council makes its actual (and binding) decision and communicates that to you in writing.*



### DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Gnowangerup for any act, omission or statement or intimation occurring during Council or committee meetings.

The Shire of Gnowangerup disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or committee meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or committee meeting does so at that person's or legal entity's own risk.

In particular and without detracting in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or intimation of approval made by any member or officer of the Shire of Gnowangerup during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Gnowangerup.

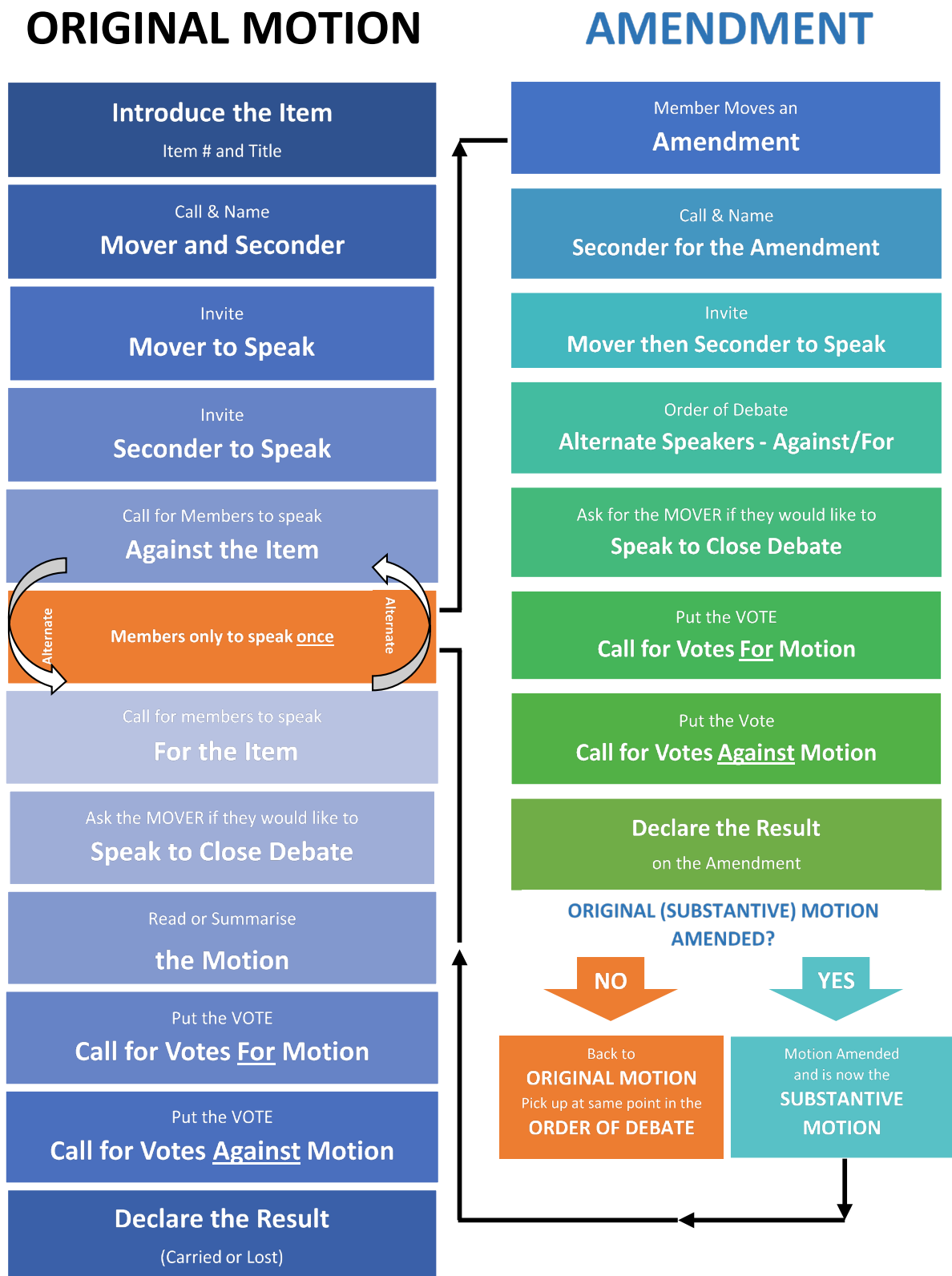
The Shire of Gnowangerup advises that anyone who has any application lodged with the Shire of Gnowangerup shall obtain and should only rely on **written confirmation** of the outcome of the application, and any conditions attaching to the decision made by the Shire of Gnowangerup in respect of the application.

These minutes are not a verbatim record but include the contents pursuant to Regulation 11 of Local Government (Administration) Regulations 1996.

Signed 

**Chiara Galbraith**  
**DEPUTY CHIEF EXECUTIVE OFFICER**

# Process of Motions



Slight clarification of wording of motion: A minor amendment of the motion can be done at any time through the President with the approval of the Mover and the Seconder. The Minor amendment must be minuted.

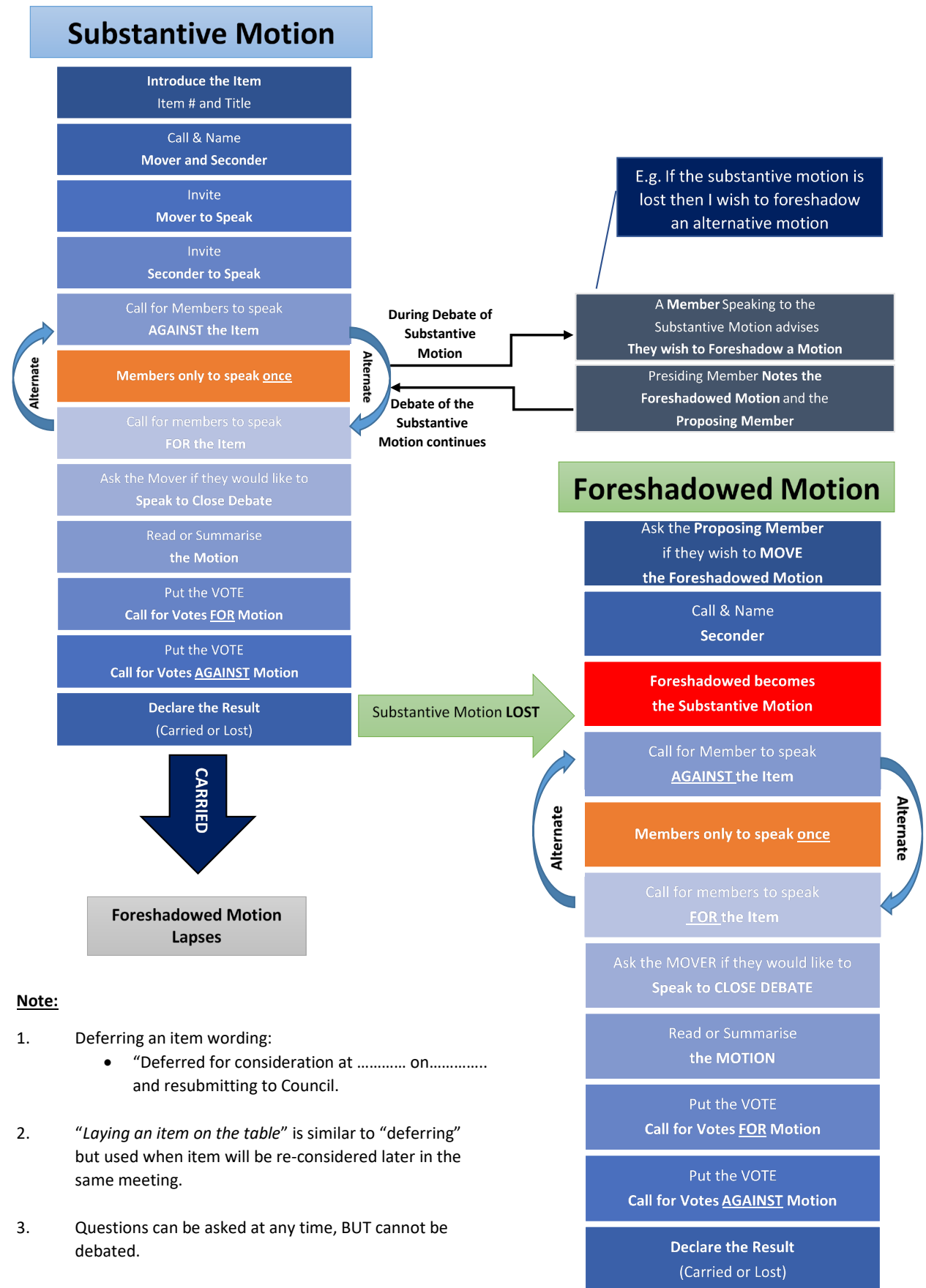




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## OPENING PROCEDURES

### 1. OPENING AND ANNOUNCEMENT OF VISITORS

Presiding Member, Cr Kate O’Keeffe welcomed committee members and staff and opened the meeting at 3:15pm.

### 2. ACKNOWLEDGEMENT OF COUNTRY

The Shire of Gnowangerup would like to acknowledge the Goreng people who are the Traditional Custodians of this land. The Shire of Gnowangerup would also like to pay respect to the Elders both past and present of the Noongar Nation and extend that respect to other Aboriginals present.

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

#### 3.1 ATTENDANCE

Cr Kate O’Keeffe JP	Shire President
Cr Rebecca O’Meehan	Deputy Shire President
Cr Mick Creagh	
Cr Rebecca Kiddle	
Cr Lex Martin	
Cr Peter Callaghan	
Cr Robert Minitier	
David Nicholson	Chief Executive Officer
Chiara Galbraith	Deputy Chief Executive Officer
Michael Richardson	Executive Manager of Infrastructure and Waste
Barry Gibbs	Asset & Waste Co-Ordinator
Bobbie Van Rensburg	Executive Assistant
Anita Finn	Senior Governance & Risk Management Officer
Llew Withers	Environmental Health Officer
Steven Ball	Ranger

#### 3.2 APOLOGIES

Nil

#### 3.3 APPROVED LEAVE OF ABSENCE

Nil

**4. CONFIRMATION OF PREVIOUS MEETING MINUTES**

5.1 AUDIT COMMITTEE MEETING MINUTES 22 NOVEMBER 2023

**COMMITTEE RESOLUTION**

**Moved: Cr P Callaghan**

**Seconded: Cr R O’Meehan**

**OFFICER RECOMMENDATION:**

**AC0224.01 That the minutes of the Audit Committee Meeting held on 22 November 2023 be confirmed as a true record of proceedings.**

**UNANIMOUSLY CARRIED: 7/0**

**FOR: Cr Kate O’Keeffe, Cr Rebecca O’Meehan, Cr Rebecca Kiddle, Cr Lex Martin, Cr Peter Callaghan, Cr Michael Creagh, Cr Robbie Minitier.**

**AGAINST: NIL**

## 5. OFFICER ITEMS

<b>5.1</b>	<b>2022/2023 INDEPENDENT AUDITORS REPORT</b>
<b>Location:</b>	N/A
<b>Proponent:</b>	N/A
<b>Date of Report:</b>	22 February 2024
<b>Business Unit:</b>	Corporate and Community Services
<b>Responsible Officer:</b>	Chiara Galbraith – Deputy Chief Executive Officer
<b>Author:</b>	Anita Finn – Senior Governance & Risk Management Officer
<b>Disclosure of Interest:</b>	Nil

### ATTACHMENTS

- Attachment 1 - Signed Independent Auditor’s Report 2023 (‘Opinion’)
- Attachment 2 - Interim and Final Management letters (Findings) (**Confidential**)
- Attachment 3 - Signed Management Representation Letter (**Confidential**)
- Attachment 4 - Audit Exit Meeting Agenda (**Confidential**)
- Attachment 5 - Audit Exit Meeting Minutes (**Confidential**)
- Attachment 6 - Report Significant Matters (s 7.12A (4a) of the Local Government Act 1995)

### PURPOSE OF THE REPORT

For Council’s Audit Committee to consider the Independent Audit Reports (Attachments 1 to 3) and the Report Significant Matters (s.7.12A (4a) of the Local Government Act 1995) (Attachment 6) for the period ended 30 June 2023.

### BACKGROUND

The Shire’s Auditor and The Office of the Auditor General has presented the 2022/2023 Annual Completion Report and Audit Management Report for the financial year ended 30 June 2023 at the Audit Exit Meeting on 18 December 2023 (Attachments 4 and 5). The Shire received the signed documents on the 19 December 2023.

The OAG Independent Auditor’s Report identifies three matters as significant.

Section 7.12A (4a) of the Local Government Act 1995 states that a Local Government must prepare a report addressing any matters identified as significant by the auditor in the audit report, stating what action the local government has taken or intends to take with respect to each of those matters.

After all recommendations of the Audit Committee have been presented to Council for ratification, a copy of this report (Attachment 6) will be sent to Minister of Local Government. This report must be submitted within three months after the audit report is received by the local government, which for the Shire is the 19 March 2024. Within 14 days after the Shire gives the report to the Minister, the CEO must publish a copy of the report on the Shire’s website.

## COMMENTS

The 2022/2023 report from the Office of the Auditor General provided an unqualified opinion for the Shire of Gnowangerup Annual Financial Statements for financial year ended 30 June 2023.

### Final Audit Findings

The auditors noted 11 findings in total for the 2023 financial year, of these five were prior year findings. three findings were reported as significant and as per the *Local Government (Audit) Regulations 1996*.

## CONSULTATION

Nil

## LEGAL AND STATUTORY REQUIREMENTS

*Local Government Act 1995 s.7.12A*

*(4) A local government must –*

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

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

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

## POLICY IMPLICATIONS

Nil

## FINANCIAL IMPLICATIONS

Nil

## STRATEGIC IMPLICATIONS

As per Integrated Strategic Plan

<b>Theme</b>	Our Organisation
<b>Community Priority</b>	Forward planning and implementation of plans to achieve strategic objectives

**STRATEGIC RISK MANAGEMENT CONSIDERATIONS**

This item has been evaluated against the current Council approved Risk Management Register.

<b>Risk description</b>	<b>Not to accept the Audit report</b>
<b>Primary Strategic Risk Category</b>	Adverse Regulatory Change
Primary Strategic Risk Category <b>Description</b>	<ul style="list-style-type: none"> <li>• Investigation of Council for non-compliance</li> <li>• Litigation</li> <li>• Reputational damage</li> </ul>
<b>Consequence:</b> (Insignificant, Minor, Moderate, Major, Catastrophic)	Catastrophic
<b>Likelihood:</b> (Almost Certain, Likely, Possible, Unlikely, Rare)	Possible

**IMPACT ON CAPACITY**

Nil

**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

Nil

**CONCLUSION**

Statutory requirements in relation to this matter have been complied with and it is in order for the Audit Committee to recommend that Council accepts the accompanying independent audit report for the year ended 30th June 2023.

**VOTING REQUIREMENTS**

Simple Majority

**COMMITTEE RESOLUTION**

**Moved: Cr R O’Meehan**

**Seconded: Cr M Creagh**

**AC0224.02 That the Audit Committee**

- 1. Receives the Independent auditor’s report for the 2022/2023 financial year and recommends to Council to accept the audit reports (Attachment 1 to 3).**
- 2. Receives the Report on Significant Matters (Attachment 6) and recommends to Council to endorse this report.**

**UNANIMOUSLY CARRIED: 7/0**

**FOR: Cr Kate O’Keeffe, Cr Rebecca O’Meehan, Cr Rebecca Kiddle, Cr Lex Martin, Cr Peter Callaghan, Cr Michael Creagh, Cr Robbie Miniter.**

**AGAINST: NIL**



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2023 Shire of Gnowangerup

To the Council of the Shire of Gnowangerup

#### Opinion

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

- the Statement of Financial Position as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

#### Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial report and my auditor's report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or my knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

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

The Chief Executive Officer (CEO) of the Shire is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

**Auditor's responsibilities for the audit of the financial report**

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

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

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

**My independence and quality management relating to the report on the financial report**

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

This auditor's report relates to the financial report of the Shire of Gnowangerup for the year ended 30 June 2023 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.



Jordan Langford-Smith  
Senior Director Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
19 December 2023



**REPORT ON SIGNIFICANT MATTER**  
**(Section 7.12A (4a) of the Local Government Act 1995)**

## ATTACHMENT 6

## Officer Item 5.1

Finding	OAG Recommendation	LG Action Plan	Completion Date
<p><b>Finding 1 - Bank Reconciliations</b></p> <ul style="list-style-type: none"><li>• During the audit, we observed that the bank reconciliations for the months of August and February NAB Municipal account were not completed in a timely manner.</li><li>• The bank reconciliation for December 2022 and February 2023 for the Bendigo Municipal Account (633-000 183706381) has not been signed by the preparer and reviewer, and it is also not dated.</li><li>• There have been long outstanding items since 4 August 2022, in the month of August 2022, October 2022, December 2022 and February 2023 for the Bendigo Municipal Account (633-000 183706381).</li></ul>	<ul style="list-style-type: none"><li>• Ensure that bank reconciliations are performed promptly and regularly to minimize the risk of inaccurate financial reporting. Reconciliations should be conducted every month, ideally within a reasonable time frame after the end of each month.</li><li>• Implement a strong control framework that requires the preparer and reviewer to sign and date the bank reconciliation. This ensures accountability, strengthens oversight and enhances the reliability of the reconciliation process.</li><li>• Promptly investigate and resolve outstanding items to minimise financial risk and maintain accurate records. Establish clear procedures for identifying and resolving such items, including follow-up with relevant stakeholders and ensuring appropriate actions are taken.</li></ul>	<p>Noted -</p> <p>All recommendations are in place. Unfortunately, our system does not have a bank reconciliation module, and this significantly impacts on the process. Oversight of these controls will be strengthened to ensure all actions are undertaken completely and in a timely manner.</p> <p>.</p>	<p><b>Ongoing</b></p>
<p><b>Finding 2 - Payment not accurately reported in Council Minutes</b></p> <p>During our audit, we observed a discrepancy in the total payments approved by the Council from July 2022 to March 2023. The total amount reported in the Council</p>	<p>We recommend that management ensure accurate and correct financial information is provided for Council approval</p>	<p>The Shire thanks the auditors for bringing this to our attention and have since investigated and identified an issue within our finance system. The Shire has since implemented a manual process which requires monthly transactions listings produced for council is compared to the bank statement to ensure accuracy and completeness of information provided to council</p>	<p><b>Implemented</b></p>

**ATTACHMENT 6**

**Officer Item 5.1**

<p>minutes did not match the list of payments extracted from the accounting system. The total payments were understated by \$83,788.82 in the minutes</p>			
<p><b>Finding 7- Lack of user-restricted access to specific functions in Synergy Soft</b></p> <p>Finding 2023 Based on the financial system user access rights matrix analysis, we observed that 2 users had been granted access to the delete option.</p> <p>Finding 2022 We noted from the financial system user access rights matrix, there were no restrictions on user's being able to delete records.</p>	<p>We recommend that no user has delete options in financial records</p>	<p>This is disappointing. The prior year recommendations were implemented and this year the finding has been re-raised with a changed, more specific recommendation which has been immediately implemented. Due to the previous year's recommendation not being specific it has resulted in a significant finding</p>	<p><b>Completed</b></p>

<b>5.2</b>	<b>2023 Compliance Annual Return</b>
<b>Location:</b>	N/A
<b>Proponent:</b>	N/A
<b>Date of Report:</b>	20 February 2024
<b>Business Unit:</b>	Governance & Strategy
<b>Responsible Officer:</b>	David Nicholson –Chief Executive Officer
<b>Author:</b>	Anita Finn – Senior Governance & Risk Management Officer
<b>Disclosure of Interest:</b>	Nil

#### ATTACHMENTS

- 2023 Compliance Audit Return (**Confidential**)

#### PURPOSE OF THE REPORT

Council's Audit Committee is required to review the 2023 Compliance Audit Return and report the results to Council.

#### BACKGROUND

The Local Government (Audit) Regulations 1996 require that each local government is to carry out a compliance audit for the period 1<sup>st</sup> January to 31<sup>st</sup> December each year.

The Compliance Audit Return is a useful tool in prompting and assisting both Councillors and staff to comply with the legislative requirements of local government. It also provides a snapshot to Council of how the organisation is functioning.

It is a requirement that the completed return is presented to the Audit Committee for review. It is then referred to Council for adoption.

#### COMMENTS

The 2024 Compliance Audit Return was completed by senior staff during January and February 2024.

The findings of this Audit will be integrated into the Audit Finding Register which will be presented to Audit Committee at the next Audit Committee Meeting.

#### CONSULTATION WITH THE COMMUNITY AND GOVERNMENT AGENCIES

Nil



LEGAL AND STATUTORY REQUIREMENTS

Local Government (Audit) Regulations 1996  
Regulation 14. Compliance audits by local governments

*(1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*

*(2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*

*(3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.*

*(3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —*

- (a) presented to the council at a meeting of the council; and*
- (b) adopted by the council; and*
- (c) recorded in the minutes of the meeting at which it is adopted.*

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

As per Integrated Strategic Plan

<b>Theme</b>	Our Organisation
<b>Community Priority</b>	Forward planning and implementation of plans to achieve strategic objectives

**STRATEGIC RISK MANAGEMENT CONSIDERATIONS**

This item has been evaluated against the current Council approved Risk Management Register.

<b>Risk description</b>	<b>Not to Accept the Compliance Annual Return</b>
<b>Primary Strategic Risk Category</b>	Adverse Regulatory Change
Primary Strategic Risk <b>Category Description</b>	<ul style="list-style-type: none"> <li>• Investigation of Council for non-compliance</li> <li>• Litigation</li> <li>• Reputational damage</li> </ul>
<b>Consequence:</b> (Insignificant, Minor, Moderate, Major, Catastrophic)	Catastrophic
<b>Likelihood:</b> (Almost Certain, Likely, Possible, Unlikely, Rare)	Possible

**IMPACT ON CAPACITY**

Nil

**ALTERNATE OPTIONS AND THEIR IMPLICATIONS**

Nil

**CONCLUSION**

It is recommended that the Audit Committee to accept the 2023 Compliance Audit Return and recommend it to Council for adoption.

**VOTING REQUIREMENTS**

Simple majority



**COMMITTEE RESOLUTION**

**Moved: Cr R Miniter**

**Seconded: Cr M Creagh**

**AC0224.03 That the Audit Committee:**

**Accepts the Compliance Audit Return for the period 1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023 and recommends it to Council for adoption.**

**UNANIMOUSLY CARRIED: 7/0**

**FOR: Cr Kate O'Keeffe, Cr Rebecca O'Meehan, Cr Rebecca Kiddle, Cr Lex Martin, Cr Peter Callaghan, Cr Michael Creagh, Cr Robbie Miniter.**

**AGAINST: NIL**

<b>5.3</b>	<b>NON-COMPLIANCE REGISTER REPORT</b>
<b>Location:</b>	N/A
<b>Proponent:</b>	N/A
<b>Date of Report:</b>	20 February 2024
<b>Business Unit:</b>	Strategy & Governance
<b>Responsible Officer:</b>	Chiara Galbraith – Deputy Chief Executive Officer
<b>Author:</b>	Anita Finn – Senior Governance & Risk Management Officer
<b>Disclosure of Interest:</b>	Nil

#### ATTACHMENTS

- Non-Compliance Register (November 2023 – January 2024) (**confidential**)
- Purchasing Policy 4.1

#### PURPOSE OF THE REPORT

To highlight non-compliance and/or emerging trends. Purchase Order non-compliance includes but not limited to instances like insufficient quotes, retrospective purchase orders, inconsistencies between purchase orders and invoices or the omission of purchase orders for invoices.

#### BACKGROUND

Butler Settineri (Dry Kirkness) undertook the 2021/2022 Interim Audit on behalf of the OAG in May 2022 and "Inadequate Procurement Practices" was identified as one of 3 moderate risk findings during the audit.

#### COMMENTS

As a result of the above finding the "Non-Compliance Purchase Order Register" was set up in August 2022. The register is used to track instances of non-compliance items providing name of supplier, date of EFT transfer, EFT number, the invoice amount, the date the purchase was order created, the responsible officer and reason why the instance occurred.

Since the creation of the register it has been noted that the Shire's current purchasing policy and procedure is in need of updating to included exemptions for instances where the issue of a purchase order is not possible, i.e. utility accounts, service provision items like media messaging services, postal services, Toll freight charges, etc. that greatly varies month to month, pending on usage.

The Shire’s current procedure states that a “Shire Purchase Order must be used for all purchases except for purchases made by Credit Card or petty cash.

This non-compliance register has in recent times been expended to include other non-compliances, and reflect non-compliances.

#### CONSULTATION

Nil

#### LEGAL AND STATUTORY REQUIREMENTS

Local Government Act 3.57

Local Government (Functions and General) Regulations – Regulation 11A State Record Act 2000

Shire of Gnowangerup Code of Conduct

Shire of Gnowangerup Purchasing Policy 4.1

Shire of Gnowangerup Purchasing Procedure 4.8

The requirements that must be complied with by the Shire, including purchasing thresholds and processes, are prescribed within the Regulations, and associated purchasing procedures and policies.

#### POLICY IMPLICATIONS

Shire of Gnowangerup Purchasing Policy 4.1 and Purchasing Procedure 4.8 sets out the process and thresholds to be adhered to. Not following these processes reduces the likelihood the Shire will get value for money and increases the potential for misappropriation of funds.

#### FINANCIAL IMPLICATIONS

Nil

#### STRATEGIC IMPLICATIONS

As per Integrated Strategic Plan

<b>Theme</b>	Our Organisation
<b>Community Priority</b>	Forward planning and implementation of plans to achieve strategic objectives

STRATEGIC RISK MANAGEMENT CONSIDERATIONS

This item has been evaluated against the current Council approved Risk Management Register.

<b>Risk description</b>	<b>Not to note the Non-Compliance Purchase Order Register Report</b>
<b>Primary Strategic Risk Category</b>	Adverse Regulatory Change
Primary Strategic Risk Category <b>Description</b>	<ul style="list-style-type: none"> <li>• Investigation of Council for non-compliance</li> <li>• Litigation</li> <li>• Reputational damage</li> </ul>
<b>Consequence:</b> (Insignificant, Minor, Moderate, Major, Catastrophic)	Catastrophic
<b>Likelihood:</b> (Almost Certain, Likely, Possible, Unlikely, Rare)	Possible

IMPACT ON CAPACITY

Nil

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Nil

CONCLUSION

The Non-Compliance Register was created to track and address instances of non-compliance to help ensure compliance with the Regulations and the Shire’s purchasing policy and procedure.

VOTING REQUIREMENTS

Simple Majority

**COMMITTEE RESOLUTION**

**Moved: Cr R Kiddle**

**Seconded: Cr R Miniter**

**AC0224.04 That the Audit Committee:**

**Notes the Non-Compliance Register Report for the period November 2023 to January 2024.**

**UNANIMOUSLY CARRIED: 7/0**

**FOR: Cr Kate O'Keeffe, Cr Rebecca O'Meehan, Cr Rebecca Kiddle, Cr Lex Martin, Cr Peter Callaghan, Cr Michael Creagh, Cr Robbie Miniter.**

**AGAINST: NIL**

## 4.1 PURCHASING POLICY

<b>Policy Type:</b>	Finance
<b>Date Adopted:</b>	22 June 1998

<b>Policy No:</b>	4.1
<b>Date Last Reviewed:</b>	28 July 2021

<b>Legal (Parent):</b>
<ol style="list-style-type: none"> <li>1. Local Government Act 1995 – Section 3.57.</li> <li>2. Local Government (Functions and General) Regulations – Regulation 11A</li> </ol>

<b>Legal (Subsidiary):</b>
<ol style="list-style-type: none"> <li>1. State Records Act 2000</li> <li>2. Shire of Gnowangerup Code of Conduct</li> </ol>

<b>Delegation of Authority Applicable</b>	Yes
<b>Delegation Numbers</b>	1.2.5, 1.2.7

<b>Staff Procedure Applicable</b>	Yes
<b>Staff Procedure Number</b>	4.7

## ADOPTED POLICY

<b>Title:</b>	PURCHASING POLICY
<b>Objective:</b>	<p>To ensure that all purchasing activities:</p> <p><b>This policy:</b></p> <ol style="list-style-type: none"> <li>1. Ensures compliance with the Local Government Act 1995 and the Local Government (Functions and General) Regulations 1996 to establish a framework of operational standards for contracts to purchase goods and services;</li> <li>2. Provides guidance to all Council employees on all levels of procurement to ensure ethical behavior, and to ensure probity, and transparency;</li> <li>3. Ensures that the Shire receives value for money as a result of its purchasing activities;</li> <li>4. Aims to deliver a high level of accountability whilst providing a flexible, efficient and effective and transparent procurement framework;</li> <li>5. Ensures that the Shire considers the environmental and sustainability implications of the procurement process across the life cycle of goods and services; and</li> <li>6. Ensures that all purchasing transactions are recorded in compliance with the State Records Act 2000 and associated records management practices and procedures of the Shire.</li> </ol>

## 1.0 Strategy

The Shire is committed to sustainable procurement practices. The Shire will advertise and assess quotes and tenders to secure supply arrangements that contribute to achieving the Shire's strategic goals and objectives in line with the following principles:

- Enhance our natural and built environment by purchasing products and services that demonstrate environmental best practice and will reduce negative impacts;
- Enhance our economic environment by ensuring value for money in all contracting and purchasing;
- Ensure Good Governance by maintaining transparency in contracting and purchasing, minimising the risk to the Shire of Gnowangerup through the application of a robust risk management mechanisms ensuring that the products and services it purchases are in line with the Shire's objectives; and
- Where appropriate, the Shire shall endeavour to provide an advantage to suppliers demonstrating that they minimise environmental and negative social impacts and embrace sustainable business practices.
- Where possible suppliers operating within the Great Southern Region are to be given the opportunity to quote for goods & services required by the Shire

**2.0 Ethics and Integrity**

Code of Conduct

All officers and employees of the Shire undertaking purchasing activities must have regard for the Code of Conduct requirements, shall observe the highest standards of ethics and integrity and act in an honest and professional manner at all times which supports the standing of the Shire.

**3.0 Purchasing Procedure**

For detailed purchasing procedures, please refer to the Purchasing Procedure

**4.0 Purchasing Thresholds**

The table below prescribes the purchasing process that the Shire must follow, based on the purchase value:

<b>Purchase Value Threshold (Ex GST)</b>	<b>Purchasing Requirement</b>
<b>Up to \$5,000 annually</b>	Purchase directly from a supplier using Petty Cash for minor items, a Purchase Order or Corporate Credit Card issued by the Shire, or seek at least one (1) oral or written quotation from a suitable supplier, either from:  an existing panel of pre-qualified suppliers administered by the Shire; or  a pre-qualified supplier on the WALGA Preferred Supply Program or State Government Common Use Arrangement (CUA); or

Purchase Value Threshold (Ex GST)	Purchasing Requirement
	from the open market.
<b>Over \$5,000 and up to \$20,000 annually</b>	<p>Seek at least two (2) verbal or written quotations from suppliers following a brief outlining the specified requirement, either from:</p> <p>an existing panel of pre-qualified suppliers administered by the Shire; or</p> <p>a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA; or</p> <p>from the open market.</p>
<b>Over \$20,000 and up to \$50,000 annually</b>	<p>Seek at least two (2) written quotations from suppliers following a brief outlining the specified requirement, either from:</p> <p>an existing panel of pre-qualified suppliers administered by the Shire; or</p> <p>a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA; or</p> <p>from the open market.</p>
<b>Over \$50,000 and up to \$250,000 (over 3 year period)</b>	<p>Seek at least three (3) written quotations from suppliers by formal invitation under a Request for Quotation, containing price and detailed specification of goods and services required. The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy.</p> <p>Quotations within this threshold may be obtained from:</p> <p>an existing panel of pre-qualified suppliers administered by the Shire; or</p> <p>a pre-qualified supplier on the WALGA Preferred Supply Program or State Government CUA; or</p> <p>from the open market.</p> <p>Requests for quotation from a pre-qualified panel of suppliers (whether administered by the Shire through the WALGA preferred supply program or</p>



Purchase Value Threshold (Ex GST)	Purchasing Requirement
	State Government CUA) are not required to be invited using a Request for Quotation form, however at least three written quotes are still required to be obtained.
<b>Over \$250,000 and up to \$600,000 Request for Tender (RFT) Required</b>	<p><b>1. Tender Exempt arrangements:</b> i.e. WALGA PSA, CUA or other tender exemption under F&amp;G Reg.11(2). This requires at least three (3) written quotes from suppliers under a formal Request for Quotation (RFQ),</p> <p><b>OR</b></p> <p><b>2. Public Tender:</b> conduct a public Request for Tender (RFT) process in accordance with the <i>Local Government Act 1995 and Local Government (Functions and General) Regulations 1996</i>, this Policy and the Shire's tender and purchasing procedures. The procurement decision is to be based on pre-determined evaluation criteria that assesses all value for money considerations in accordance with the definition stated within this Policy.</p>
<b>Emergency Purchases</b>	Refer to Purchasing Procedure.
<b>LGIS Services LG Act 1995 Section 9.58(6)(b)</b>	<p>The suite of LGIS insurances are established in accordance with s.9.58(6)(b) of the <i>Local Government Act 1995</i> and are provided as part of a mutual, where WALGA Member Local Governments are the owners of LGIS. Therefore, obtaining LGIS insurance services is available as a member-base service and is not defined as a purchasing activity subject to this Policy.</p> <p>Should Council resolve to seek quotations from alternative insurance suppliers, compliance with this Policy is required.</p>
<b>Over \$600,000 RFT Required</b>	As above AND Council is to approve the tender process prior to commencement of tender (as per Delegations Register 1.2.4 Expressions of Interest and Tenders for Goods & Services).

## 5.0 Records Management

All Local Government purchasing activity, communications and transactions must be evidenced and retained as local government records in accordance with the *State Records Act 2000* and the Shire's Recordkeeping Plan.

In addition, the Shire must consider and will include in each contract for the provision of works or

services, the contractor's obligations for creating, maintaining and where necessary the transferal of records to the Shire relevant to the performance of the contract.

**6.0 Application and Quality Assurance**

Responsibility for the application, implementation and quality assurance of this policy rests with the Chief Executive Officer, Management, Shire President and Councilors.

**6. CLOSURE**

There being no further business, Presiding Member Kate O’Keeffe thanked committee members and staff and closed the meeting at 3.21pm.