

**Shire of Esperance**

**AUDIT COMMITTEE**

**TUESDAY 9 FEBRUARY 2021**

**MINUTES**

### **DISCLAIMER**

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### **ETHICAL DECISION MAKING AND CONFLICTS OF INTEREST**

Council is committed to a code of conduct and all decisions are based on an honest assessment of the issue, ethical decision-making and personal integrity. Councillors and staff adhere to the statutory requirements to declare financial, proximity and impartiality interests and once declared follow the legislation as required.

### **ATTACHMENTS**

Please be advised that in order to save printing and paper costs, all attachments referenced in this paper are available in the original Agenda document for this meeting.

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**SHIRE OF ESPERANCE**

**MINUTES**

**AUDIT COMMITTEE MEETING HELD IN COUNCIL MEETING ROOM ON  
9 February 2021  
COMMENCING AT 10.00AM**

**1. OFFICIAL OPENING**

The Presiding Member declared the meeting open at 10.07am.

**2. ATTENDANCE**

**Members**

Cr S McMullen  
Cr I Mickel  
Cr J O'Donnell  
Mr K Mills

Shire of Esperance  
Shire of Esperance  
Shire of Esperance  
Community Representative

Presiding Member

**Shire Officers**

Mr S Burge  
Mrs B O'Callaghan  
Mrs F Baxter

Chief Executive Officer  
Manager Financial Services  
Director Corporate & Community Services

**Members of the Public & Press**

**3. APOLOGIES & NOTIFICATION OF GRANTED LEAVE OF ABSENCE**

Cr J Obourne

Shire of Esperance

Apology

**4. PUBLIC QUESTION TIME**

Nil

**5. DEPUTATIONS, PRESENTATIONS, INSPECTIONS, PETITIONS**

Nil

**6. DECLARATION OF MEMBERS INTERESTS**

**6.1 Declarations of Financial Interests – Local Government Act Section 5.60a**

**6.2 Declarations of Proximity Interests – Local Government Act Section 5.60b**

**6.3 Declarations of Impartiality Interests – Admin Regulations Section 34c**

**7. CONFIRMATION OF MINUTES**

Moved: Cr O'Donnell  
Seconded: Cr Mickel

**AU0221-035**

**That the Minutes of the Audit Committee Meeting of the 14 December 2020 be confirmed as a true and correct record.**

**CARRIED**

**8. NEW BUSINESS OF AN URGENT NATURE**

Nil

## **9. MATTERS REQUIRING A DETERMINATION OF COMMITTEE**

### **Item: 9.1**

#### **Audit Report - Adverse Financial Ratio Trend**

<b>Author/s</b>	Beth O'Callaghan	Acting Director Corporate Resources
<b>Authorisator/s</b>	Shane Burge Beth O'Callaghan	Chief Executive Officer Acting Director Corporate Resources

**File Ref: D21/2168**

#### **Applicant**

Internal

#### **Location/Address**

Shire of Esperance

#### **Executive Summary**

For the Audit Committee to consider the effects and actions in addressing the financial ratio reported in the 2019/20 financial report that did not meet the minimum Department of Local Government, Sports and Cultural Industries (DLG) standards.

#### **Recommendation in Brief**

That the Audit Committee recommend that Council note the action that is taken through the Long Term Financial Plan to address the financial ratio that does not meet the Department of Local Government, Sport and Cultural Industries basic standard.

#### **Background**

The Audit Committee and Council considered the annual financial report and audit report in December 2020. In the Audit Report (Attachment A) it was identified by the Shire's auditor that the Operating Surplus Ratio did not meet the DLG guideline standards.

Section 7.12A(4) of the *Local Government Act 1995* states that 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.

Section 7.12A(5) of the *Local Government Act 1995* states:

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.

This report is therefore in response to the above sections of the Act.

#### **Officer's Comment**

The ratio highlighted in the Auditors report of not meeting the DLG standard is of no surprise to the Shire of Esperance. The Shire has for a number of years been following a long term financial plan and looking at ways to address its asset management issues. The operating surplus ratio highlights the pressure that the Shire of Esperance faces with asset management.

The operational guideline on Financial Ratios describe the Operating Surplus as

“A key indicator of a local government’s financial performance is measured by the ‘Operating Surplus Ratio’. If a local government consistently achieves a positive operating surplus ratio and has soundly based long term financial plans showing that it can continue to do so in future, having regard to asset management and the community’s service level needs, then it is considered financially sustainable.

A positive ratio indicates the percentage of total own source revenue available to help fund proposed capital expenditure, transfer to cash reserves or to reduce debt. A negative ratio indicates the percentage increase in total own source revenue (principally rates) that would have been required to achieve a break-even operating result.”

The ratio is calculated by the following calculation:-

$$\frac{(\text{Operating Revenue MINUS Operating Expense})}{\text{Own Source Operating Revenue}}$$

A basic standard is achieved when the ratio is between 1% and 15% (0.01 and 0.15).

An advanced standard is achieved when the ratio is >15% (>0.15).

The Shire of Esperance has achieved the following for the past 3 years:-

	<b>2020</b>	<b>2019</b>	<b>2018</b>
Operating Surplus Ratio	(0.14)	(0.05)	(0.01)

The ratio is subject to a number of one off influences such as prepaid financial assistance grants and abnormal operating expenditure. The biggest influence that a large number of local governments have experienced over the past few years however is the revaluation of assets and the flow on effects that this has had to depreciation which is included as part of operating expense. This increase in depreciation has affected the Shire of Esperance significantly due to its extensive road network and therefore had an impact upon the operating surplus ratio.

The Shire of Esperance is working at increasing revenue, decreasing operating expenditure and reviewing asset life in an attempt to improve the operating surplus ratio. Although the Shire does have a goal to obtain a small underlying operating surplus position, it is believed that the ratio calculation needs to be adjusted to allow recurring renewal capital income to be included into the ratio.

The Shire receives significant amounts of road funding specifically for road asset renewal such as Roads to Recovery, and Regional Road Group that is used to fund the renewal of road assets and fund some of the depreciation that is reported in operating expenses. This capital renewal funding is however specifically excluded as part of the ratio calculation. It is believed that excluding this income from the ratio unfairly distorts the ratio as the Shire needs to include the full cost of the consumption of the assets (depreciation) for roads in the ratio but is unable to include funding from external parties as part of the operating revenue to help fund the capital renewal of assets.

Regardless of the technicalities of the operating surplus ratio, the Shire has a long term financial plan that addresses asset management over the 10 year period and shows that the Shire can manage its asset renewal in a sustainable manner provided grant funding for asset renewal through Roads to Recovery and Regional Road Group is maintained at existing levels.

### **Consultation**

Consultation was conducted with the development of the Long Term Financial Plan which outlines the way that the Operating Surplus Ratio will be improved.

### **Financial Implications**

Although this report in itself doesn't have financial implications, addressing the issues highlighted by a negative Operating Surplus Ratio have significant issues to the Shire of Esperance.

The Long Term Financial Plan in conjunction with the Revenue Strategy are the methods that the Shire of Esperance is using to address these longer term.

### **Asset Management Implications**

This ratio has issues that affect asset management that have been addressed within the report.

### **Statutory Implications**

Section 7.12A(4) of the Local Government Act 1995 outlines the actions that need to be undertaken if an audit report identified any significant matters.

### **Policy Implications**

Nil

### **Strategic Implications**

Strategic Community Plan 2017 - 2027

*Leadership*

A financially sustainable and supportive organisation achieving operational excellence  
Provide responsible resource and planning management for now and the future.

Corporate Business Plan 2020/21 – 2023/24

L2.9 Manage Finance

### **Environmental Considerations**

Nil

### **Attachments**

A. Shire of Esperance - Audit Report





## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHIRE OF ESPERANCE**

### **Report on the Financial Report**

#### **Opinion**

We have audited the financial report of the Shire of Esperance, which comprises the statement of financial position as at 30 June 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows and rate setting statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the Chief Executive Officer.

In our opinion, the financial report of the Shire of Esperance is in accordance with the underlying records of the Shire, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- b) complying with to the extent that they are not consistent with the Act, Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

#### **Basis for Opinion**

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Shire in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter**

We draw attention to Note 1 and 11 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

Our opinion is not modified in respect of this matter.

### **Other Information**

Management is responsible for the other information. The other information comprises the information in the Shire's annual report for the year ended 30 June 2020 but does not include the financial report and the auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibility of the Chief Executive Officer and Council for the Financial Report**

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation of the financial report which gives a true and fair view in accordance with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives 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 our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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.

As part of an audit in accordance with the Australia Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.
- Conclude on the appropriateness of Shire's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Shire to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

#### **Reporting on Other Legal and Regulatory Requirements**

In accordance with the Local Government (audit) Regulations 1996, we also report that:

- a) The operating surplus ratio does not meet the minimum standard of the Department of Local Government, Sport and Cultural Industries.
- b) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- c) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- d) All information and explanations required were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.
- f) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director

Perth  
Date: 10 December 2020

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## **Recommendation and Decision**

### **9.1 Audit Report - Adverse Financial Ratio Trend**

**Moved:** Cr Mickel

**Seconded:** Cr O'Donnell

**AU0221-036**

**That the Audit Committee recommend that Council note the action that is taken through the Long Term Financial Plan to address the financial ratio that does not meet the Department of Local Government, Sport and Cultural Industries basic standard.**

**CARRIED**

**Item: 9.2**

**Compliance Audit Return 2020**

<b>Author/s</b>	Sarah Walsh	Coordinator Governance & Corporate Support
<b>Authorisator/s</b>	Beth O'Callaghan	Acting Director Corporate Resources

**File Ref: D21/2278**

**Applicant**

Corporate Resources

**Location/Address**

Shire of Esperance

**Executive Summary**

For the Audit Committee to recommend to Council, adoption of the 2020 Shire of Esperance Compliance Audit Return (CAR) as required pursuant to Section 7.13(1)(i) of the *Local Government Act 1995*, and Regulation 14 of the *Local Government (Audit) Regulations 1996* as attached.

**Recommendation in Brief**

That the Audit Committee recommend that Council adopt the 2020 Shire of Esperance CAR pursuant to Regulation 14(3) of the *Local Government (Audit) Regulations 1996*.

**Background**

As in previous years, local governments are required to complete a CAR by the Department of Local Government and Communities for each calendar year.

The 2020 CAR contains 102 questions across 11 categories formulated around the *Local Government Act 1995* and associated regulations. Categories and questions are completed by the relevant Shire Officers and presented to Council through the Audit Committee for adoption.

A copy of the 2020 Shire of Esperance CAR is attached for reference.

**Officer's Comment**

The CAR has identified one area of non-compliance within the Shire of Esperance for 2020, being adoption of a policy in relation to the continuing professional development of council members.

The process for development of this policy has begun and it is anticipated that this will be adopted in 2021.

It should also be noted that this particular question is included in the Optional Questions category within the CAR.

**Consultation**

Asset Management  
Corporate Resources  
Executive Services  
External Services

**Financial Implications**

Nil

**Asset Management Implications**

Nil

**Statutory Implications**

*Local Government Act 1995 – Section 7.13(1)(i)*

*Local Government (Audit) Regulations 1996 – Regulation 14*

**Policy Implications**

Nil

**Strategic Implications**

Strategic Community Plan 2017 - 2027

*Leadership*

Community confidence and trust in Council

Encourage community participation and insight into activities and decisions

Corporate Business Plan 2020/21 – 2023/24

Manage Corporate Reporting

**Environmental Considerations**

Nil

**Attachments**

A. Compliance Audit Return 2020

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
Local Government, Sport  
and Cultural Industries

## Esperance - Compliance Audit Return 2020

### Certified Copy of Return

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

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2020?	N/A	None undertaken in 2020	Sarah Walsh
2	s3.59(2)(b) F&G Regs 7,8,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2020?	N/A	None undertaken in 2020	Sarah Walsh
3	s3.59(2)(c) F&G Regs 7,8,10	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 2020?	N/A	None undertaken in 2020	Sarah Walsh
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 2020?	N/A	None undertaken in 2020	Sarah Walsh
5	s3.59(5)	During 2020, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	None undertaken in 2020	Sarah Walsh

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
Local Government, Sport  
and Cultural Industries

Delegation of Power/Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A	No authority delegated to committees	Sarah Walsh
2	s5.16	Were all delegations to committees in writing?	N/A		Sarah Walsh
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	N/A		Sarah Walsh
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A		Sarah Walsh
5	s5.18	Has council reviewed delegations to its committees in the 2019/2020 financial year?	N/A		Sarah Walsh
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act?	Yes		Sarah Walsh
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes		Sarah Walsh
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes		Sarah Walsh
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		Sarah Walsh
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	00220-049 00520-148 00720-240	Sarah Walsh
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	Council to CEO: D20/13322. CEO to Staff: D20/16550.	Sarah Walsh
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2019/2020 financial year?	Yes	00520-148	Sarah Walsh
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19?	Yes		Sarah Walsh

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	Recorded in Ordinary Council Meeting minutes	Sarah Walsh



Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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

No	Reference	Question	Response	Comments	Respondent
2	s5.68(2) & s5.69 (5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	N/A		Sarah Walsh
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes		Sarah Walsh
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	F12/3722	Sarah Walsh
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2020?	Yes	F12/3722	Sarah Walsh
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	F12/3722	Sarah Walsh
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes	F12/3722	Sarah Walsh
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	Yes	F12/3864	Sarah Walsh
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes	F12/3722	Sarah Walsh
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes		Sarah Walsh
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes	D16/27067	Sarah Walsh
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		Sarah Walsh
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	Yes		Sarah Walsh

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
Local Government, Sport  
and Cultural Industries

No	Reference	Question	Response	Comments	Respondent
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A (6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes		Sarah Walsh
15	Rules of Conduct Reg 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person, did they disclose the interest in accordance with Rules of Conduct Reg 11(2)?	Yes		Sarah Walsh
16	Rules of Conduct Reg 11(6)	Where a council member disclosed an interest under Rules of Conduct Reg 11 (2) was the nature of the interest recorded in the minutes?	Yes		Sarah Walsh
17	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes		Sarah Walsh
18	s5.71A & s5.71B (5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A		Sarah Walsh
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	N/A		Sarah Walsh
20	s5.103 Admin Regs 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin Regs 34B and 34C to be observed by council members, committee members and employees?	Yes		Sarah Walsh
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?	Yes	D16/27067	Sarah Walsh

#### Disposal of Property

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

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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

<b>Elections</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
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?	N/A	No election in 2020	Sarah Walsh
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years?	N/A	No election in 2020	Sarah Walsh
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with Elect Reg 30G(6)?	N/A	No election in 2020	Sarah Walsh

<b>Finance</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act?	Yes	Council Resolution O1019-221	Sarah Walsh
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	Yes		Sarah Walsh
3	s7.3(1) & s7.6(3)	Was the person or persons appointed by the local government to be its auditor appointed by an absolute majority decision of council?	Yes	Council Resolution O0216-043	Sarah Walsh
4	s7.3(3)	Was the person(s) appointed by the local government under s7.3(1) to be its auditor a registered company auditor or an approved auditor?	Yes	Marius Van Der Merwe from Butler Settineri Auditor number 404957	Sarah Walsh
5	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2020 received by the local government by 31 December 2020?	Yes	Received 10 December 2020	Sarah Walsh
6	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	No matters raised for 2018/19 financial statements	Sarah Walsh

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No	Reference	Question	Response	Comments	Respondent
7	s7.12A(4)(a)	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?	N/A	No significant issues for 2018/19 financial statements	Sarah Walsh
8	s7.12A(4)(b)	Where the local government was required to prepare a report under s.7.12A(4)(a), 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		Sarah Walsh
9	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	N/A		Sarah Walsh
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives and scope of the audit, a plan for the audit, details of the remuneration and expenses paid to the auditor, and the method to be used by the local government to communicate with the auditor?	Yes	Agreement dated 27/04/2016, D16/9986	Sarah Walsh
11	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	Yes	Audit Report received 10/12/20 for the 2019/20 financial year, presented to Council in December 2020	Sarah Walsh

#### Integrated Planning and Reporting

No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Review adopted in May 2020: Resolution number O0520-146	Sarah Walsh
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	2020/21 Corporate Business Plan adopted in July 2020: Resolution Number O0720-241	Sarah Walsh
3	Admin Reg 19DA (2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes		Sarah Walsh

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<b>Local Government Employees</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	Admin Reg 18C	Did the local government approve a process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	Yes	Council Resolution 00620-201	Sarah Walsh
2	s5.36(4) & s5.37 (3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A?	Yes	CEO and Director Corporate & Community Services	Sarah Walsh
3	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	Yes	Information in applications was provided in line with Admin Regulations 18E.	Sarah Walsh
4	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4)?	Yes	The remuneration and other benefits paid to the CEO were in line with the remuneration and benefits as advertised for the position.	Sarah Walsh
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Yes	Director Corporate & Community Services appointed. Council Resolution S1220-373	Sarah Walsh
6	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	Appointment was approved	Sarah Walsh

<b>Official Conduct</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.120	Has the local government designated a senior employee as defined by section 5.37 to be its complaints officer?	Yes	CEO is complaints officer	Sarah Walsh
2	s5.121(1)	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)?	Yes	D12/271	Sarah Walsh
3	s5.121(2)	Does the complaints register include all information required by section 5.121 (2)?	Yes		Sarah Walsh
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		Sarah Walsh

**Optional Questions**

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No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5 (2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Financial Management Reg 5(2)(c) within the three years prior to 31 December 2020? If yes, please provide the date of council's resolution to accept the report.	Yes	November 2018: Council Resolution O1118-130.	Sarah Walsh
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Audit Reg 17 within the three years prior to 31 December 2020? If yes, please provide date of council's resolution to accept the report.	Yes	November 2018: Council Resolution O1118-130.	Sarah Walsh
3	s5.87C(2)	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift?	Yes		Sarah Walsh
4	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, did the disclosure include the information required by section 5.87C?	Yes		Sarah Walsh
5	s5.90A(2)	Did the local government prepare and adopt by absolute majority a policy dealing with the attendance of council members and the CEO at events?	Yes	November 2020: Council Resolution O1120-355	Sarah Walsh
6	s5.90A(5)	Did the CEO publish an up-to-date version of the attendance at events policy on the local government's official website?	Yes	Uploaded 25/11/2020	Sarah Walsh
7	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4)?	Yes		Sarah Walsh
8	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	No	Currently in progress	Sarah Walsh
9	s5.127	Did the local government prepare a report on the training completed by council members in the 2019/2020 financial year and publish it on the local government's official website by 31 July 2020?	Yes		Sarah Walsh
10	s6.4(3)	By 30 September 2020, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2020?	Yes		Sarah Walsh



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<b>Tenders for Providing Goods and Services</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	F&G Reg 11A(1) & (3)	Does the local government have a current purchasing policy that complies with F&G Reg 11A(3) in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	COR 007: Procurement, D16/28989[v3]	Sarah Walsh
2	F&G Reg 11A(1)	Did the local government comply with its current purchasing policy 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	RFQ D20/23570	Sarah Walsh
3	s3.57 F&G Reg 11	Subject to F&G Reg 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in F&G Reg 11(1)?	Yes	RFT D20/18944	Sarah Walsh
4	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	Yes	Advertising Kalgoorlie Miner West Australian Tenderlink D20/19386	Sarah Walsh
5	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	N/A		Sarah Walsh
6	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	Addendum provided on Tenderlink Forum	Sarah Walsh
7	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	Yes	Two persons present when tenderlink box opened	Sarah Walsh
8	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	Procurement Register currently on Shire Website	Sarah Walsh
9	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A		Sarah Walsh

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No	Reference	Question	Response	Comments	Respondent
10	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	Assessment completed by Evaluation Panel	Sarah Walsh
11	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		Sarah Walsh
12	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22?	N/A		Sarah Walsh
13	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		Sarah Walsh
14	F&G Reg 23(3)	Were all expressions of interest that were not rejected assessed by the local government?	N/A		Sarah Walsh
15	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services as an acceptable tenderer?	N/A		Sarah Walsh
16	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with F&G Reg 24?	N/A		Sarah Walsh
17	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with F&G Reg 24AD(4) and 24AE?	Yes	Advertising Kalgoorlie Miner West Australian Tenderlink D20/19386	Sarah Walsh
18	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		Sarah Walsh
19	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	Yes		Sarah Walsh
20	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of F&G Reg 24AG?	Yes	D20/18789	Sarah Walsh



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No	Reference	Question	Response	Comments	Respondent
21	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		Sarah Walsh
22	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?	Yes		Sarah Walsh
23	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	Yes		Sarah Walsh
24	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F?	Yes		Sarah Walsh

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

\_\_\_\_\_  
Signed Mayor/President, Esperance

\_\_\_\_\_  
Signed CEO, Esperance

## **Recommendation and Decision**

### **9.2 Compliance Audit Return 2020**

**Moved:** Cr Mickel

**Seconded:** Mr Mills

**AU0221-037**

**That the Audit Committee recommend that Council adopt the 2020 Shire of Esperance Compliance Audit Return pursuant to Regulation 14(3) of the *Local Government (Audit) Regulations 1996*.**

**CARRIED**

**10. CLOSURE**

The Presiding Member declared the meeting closed at 10.19am.

**These Minutes were confirmed at a meeting held on \_\_\_\_\_**

**Signed \_\_\_\_\_**

**Presiding Member at the meeting at which the Minutes were confirmed.**

**Dated \_\_\_\_\_**