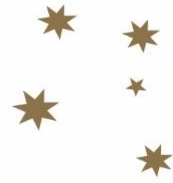


AUSTRALIAN AUDIT



February 1, 2024

Claire Mortimer
Manager Ccorporate Performance
Shire of Serpentine Jarrahdale
6 Paterson Street
Mundijong WA 6123

Dear Tracey,

Please find attached our final review assessment report on the 2023 Compliance Audit Return (CAR).

We wish to confirm that only 3 legislative requirements have been correctly reported by the Shire of Serpentine Jarrahdale within the 2023 Compliance Audit Return as being non-compliant . These are:

- S5.75 Admin Regulation 22, Form 2 – 1 Primary Return not lodged within 3 months of start dates
- S5.76 Admin Regulation 23, Form 3 – 1 Annual Return not lodged before 31 August 2023
- F&G Regulation 11A (1) & (3) – Non -compliance with Shire Purchasing Policy regarding purchase orders

No other matters were noted that would indicate that the 2023 Compliance Audit Return information was incorrect.

Yours sincerely

Santo Casilli FCPA PFIIA
Associate Director Internal Audit, Probity and Risk

Australian Audit

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Audit, Risk and Governance Committee - 26 February 2024

Shire of Serpentine Jarrahdale

Independent Review Report

2023 Legislative Compliance Audit Return Review

Introduction

Each local government is to carry out a legislative compliance review for the twelve-month period ending 31 December.

A review of the legislative compliance audit return has been performed for the period 1 January 2023 to 31 December 2023 against the requirements included in the 2023 Legislative Compliance Audit Return (CAR). The completed return is to be submitted to the Director General, Department of Local Government, Sport and Cultural Industries by 31 March 2024.

We conducted our review in accordance with ASAE 3000 “*Assurance Engagement Other than Audits or Reviews of Historical Financial Report*” per the Australian Auditing Standard on Review Engagements issued by the Auditing and Assurance Standards Board.

Our review consisted of making enquiries, primarily of persons responsible for the completion and collation of the 2023 Compliance Audit Return (CAR) information, also viewing and assessing documentation made available to us by the Shire of Serpentine Jarrahdale.

Our review conclusion was based on the evidence sighted regarding our sample selection.

Background

The completion of the (CAR) questionnaire is an annual event and is seen as an effective tool to assist local governments to enhance or develop their internal control processes to ensure they are meeting their statutory obligations and requirements under the local government legislation as required under Regulation 13 of the Local Government (Audit) Regulations 1996.

Review Objective

Australian Audit was contracted to review the completed (CAR) for the 2023 calendar period to provide a conclusion as to whether the information provided in the 2023 Compliance Audit Return can be relied upon to correctly reflect the Shires compliance or non-compliance of the required legislative requirements as outlined in the 2023 Compliance Audit Return.

Review Scope

The review focused solely on the assessment of the completed 2023 Compliance Audit Return information based on a selected sample which were assessed against support documentation.

The review did not assess the City’s compliance with any other statutory obligations under the Local Government Act 1995 and associated Regulations, which were not included nor sought by the 2023 Compliance Audit Return.

Review Approach / Methodology

The review undertook the following approach:

- Sighted relevant documentation, on a sample basis, as provided by the City's Governance Officer to support the assessment of compliance or non-compliance information as reported in the 2023 Compliance Audit Return.

The following sections of the 2023 Compliance Audit Return were selected for testing. A total of 25 legislative sections were selected for testing:

s3.59(2) (c) F&G Reg 7, 8, 8A,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?

s5.42(1),5.43 Admin Reg 18G

Did the powers and duties delegated to the CEO exclude those as listed in section 5.43 of the Local Government Act 1995?

s5.42(1)

Were all delegations to the CEO resolved by an absolute majority?

s5.16(31) (b) & s5.45 (1) (b)

Were all decisions by the Council to amend or revoke a delegation made by absolute majority?

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?

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?

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?

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?

s5.76 Admin Reg 23, Form 3

Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2023?

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?

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 1995*, regulation 28?

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?

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 incorporate the model Code Conduct?

Elect Reg 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?

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?

s7.12A(3)

Where the local government determined that matters raised in the auditor's report prepared under s7.9 (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?

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?

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?

s5.120

Has the local government designated an employee as defined by section 5.37 of the Local Government Act 1995 to be its complaints officer?

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?

Financial Management Regulation 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 years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report?

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 2022? If yes, please provide date of council's resolution to accept the report?

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?

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?

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?

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?

Review Conclusion

We can conclude that nothing came to our attention during our review and assessment of the support documentation provided for the 25 selected legislative items that would indicate that the 2023 Compliance Audit Return information is incorrect.

One item being **s5.10**, relating to the CEO designating an employee to be the complaints officer, was agreed to be changed from a No to a Yes as the CEO is the complaints officer and therefore there was no need to designate this role to an employee. The Shire agreed to the change based on our interpretation of the Compliance Audit Return **s5.10** wording.

Based on our sample testing we can conclude that the information recorded by the Shire of Serpentine Jarrahdale on the 2023 Compliance Audit Return can be relied upon to be correct and we can confirm and agree that only 3 areas of non-compliance exist as identified and recorded by the Shire.

These being:

- **S5.75 Admin Regulation 22, Form 2** – 1 Primary Return not lodged within 3 months of start dates.
- **S5.76 Admin Regulation 23, Form 3** – 1 Annual Return not lodged before 31 August 2023.
- **F&G Regulation 11A (1) & (3)** – Non-compliance with Shire Purchasing Policy regarding purchase orders.

No other non-compliance matters came to our attention during our review.