



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

Report of the Inquiry into the Shire of Wiluna

Authorised Inquiry under Part 8 Division 1
of the Local Government Act 1995 (WA)



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About DLGSC

The DLGSC works with partners across government and within its diverse sectors to enliven the Western Australian community and economy through support for and provision of sporting, recreational, cultural and artistic policy, programs and activities for locals and visitors to the State.

The department provides regulation and support to local governments and the racing, gaming and liquor industries to maintain quality and compliance with relevant legislation, for the benefit of all Western Australians. This publication is current at April 2021.

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1. Introduction

1. The Shire of Wiluna (**the Shire**) is located in the Mid-West region of Western Australia, about 950 kilometres northeast of Perth. The Shire covers an area of 182,155 square kilometres and its seat of government is the town of Wiluna. The Shire is home to approximately 742 people who live in 222 dwellings.
2. The community is represented by a President and six (6) Councillors, each elected for four-year terms. The current Shire President is Jim Quadrio, and the Chief Executive Officer (**CEO**) is Laura Dwyer, who was appointed on 14 September 2020.
3. Section 8.3 of the *Local Government Act 1995* (**the Act**) gives the Director General of the Department of Local Government, Sport and Cultural Industries (**the Department**) the authority to inquire into all local governments and their operations and affairs.
4. On 4 November 2019, the Director General of the Department authorised an inquiry in accordance with section 8.3(2) of the Act. The scope of the inquiry directed it to inquire into the following aspects of the Shire and its operations and affairs beginning 1 July 2017 in relation to:
 - a) the Request for Tender 2017-06 tender process, approvals and payments.
 - b) the overdraft of \$2.5 million from the Commonwealth Bank of Australia;
 - c) the financial viability of the Shire; and
 - d) the culture of the Shire, including aspects of the elected members and administration.
5. This report on the outcome of the Department's inquiry has been compiled in accordance with section 8.13 of the Act by officers of the Department who were authorised to conduct the inquiry (**the Authorised Persons**).
6. In order to perform their functions, the Authorised Persons issued nine (9) directions to the Shire and a further (13) thirteen to other organisations under section 8.5 of the Act to provide documents, information or property. The Shire and other persons/organisations complied with each of those directions.
7. Voluntary audio recorded records of interview were conducted with the Shire President, former CEO Colin Bastow, former Deputy CEO Warren Olsen, former councillor Caroline Thomas, the former Executive Manager Technical Services (**EMTS**) Angela Hoy and Simon Thomas, Director of Goodwork Holdings Pty Ltd (**GWH**).
8. The Shire President, Jim Quadrio, and the CEO, Laura Dwyer, were given an opportunity to comment on this report in draft form before it was finalised. Written submissions were provided to the inquiry by GWH, former CEO Colin Bastow, Talis Consultants, Greenfields Technical Services and Elected Members of the Shire and those submissions were considered by the Authorised Persons in finalising this report. No other submissions were received.
9. On 6 February 2020, the Department appointed BDO Australia to undertake forensic audit services in relation to the Shire of Wiluna.

10 BDO were requested to:

Conduct a forensic audit of the Financial Report for years 2017/2018 and the draft Annual Financial Report 2018/2019; Provide a report to the Department and give evidence at any hearing before the State Administrative Tribunal, or any proceedings on behalf of the Customer concerning this matter, if required.

11 On 13 February 2020, the former CEO, Colin Bastow, went on sick leave and the then Deputy CEO, Warren Olsen, was appointed to act in the position. Colin Bastow resigned on 27 March 2020, and Warren Olsen was Acting CEO until 26 June 2020.

12 In August 2018, a previous authorised inquiry into the Shire was finalised and the report of its findings released. The report made recommendations which included the elected members and Shire staff undertake governance and accountability training, an independent governance review and ensure that qualified independent project management should be engaged for any project with external funding of \$1 million or more.

13 This report once again acknowledges the unique and challenging role that elected members and administration staff have in regional areas and that sometimes they have limited support available to them.

14 This report notes that the departure of the previous CEO, Deputy CEO and Manager Corporate Services, along with the appointment of the new CEO, has provided the opportunity for the Shire Administration to review current practices and enhance the relationship between Council and Administration staff.

2. Inquiry Findings

2.1 The Request for Tender 2017-06 tender process, approvals, and payments

15 During January 2017, a significant weather event occurred which caused extensive flood damage to parts of the road network within the Shire. The event was declared a natural disaster (**AGRN743**) under the Western Australia Natural Disaster Relief and Recovery Arrangements (**WANDRRA**) through Main Roads Western Australia (**MRWA**).

16 The EMTS at the time, Luka Shopov, arranged an initial assessment of the damage to be undertaken by WML Consultants which estimated the flood damage at approximately \$3.5 million. The initial assessment took some time during which Shopov left the employment of the Shire.

17 Angela Hoy (**Hoy**) was employed as the EMTS and reassessed the original estimate of the flood damage to the road network. She considered that the estimate was incomplete and disseminated a Request for Quote (**RFQ**) for further scoping of the flood damage.

18 Greenfields Technical Services (**GTS**) won the quote and carried out the works which arrived at an estimated cost of the damage to the road network at \$10.8 million.

- 19 The delay in finalising the estimation of the cost of flood damage would later bring some pressure onto the Shire to award the contract and complete the works, given that WANDRRA funding arrangements were subject to a condition that the works must be completed in a two (2) financial year period.
- 20 At the Ordinary Council Meeting (**OCM**) of 25 October 2017, the Council approved the WANDRRA AGRN743 Flood Damage Estimate of \$10,825,924.01 be submitted to MRWA for approval.

2.1.1 Meeting of Councillors and Administration Staff – Granite Peak Station

- 21 In early January 2018, an informal meeting of Councillors and Hoy was called to discuss the contents of the tender documents. The meeting was held at Granite Peak Station, the property of the Shire President.
- 22 The meeting was an unofficial meeting that was not minuted and had been convened as the Council wanted to have further input into the tender documents. Other upcoming tenders relating to road construction and maintenance grading were also discussed. This is not usual practice for local government councils.
- 23 Input from the Councillors present included that the standard of quality assurance for the contract be reduced and the payment terms for payment of invoices changed from 20 days to 14 days. The rationale for the changes were that the tender would be more attractive for local businesses.
- 24 At the time of the meeting, Cr Caroline Thomas was an elected member of Council and, along with her husband Simon Thomas, was also the owner of GWH, an earthworks company that would later tender for and be awarded the contract. The Shire President also owned earth moving plant but did not tender for the contract.
- 25 When interviewed by the Authorised Persons, Hoy stated that if she was aware at the time that some Councillors were intending to tender for the contract, she would have advised that the meeting was not appropriate.
- 26 When interviewed by the Authorised Persons, Cr Thomas' recollection was that the meeting was an informal meeting that all councillors were invited to, however only the councillors with an interest in road works were in attendance. Cr Thomas believed the meeting was necessary as the Shire Administration had failed to arrange a formal meeting to seek input from Council and that that the meeting was Councillors acting for the community on behalf of the community. However, she conceded that the purpose of the meeting was ultimately to benefit smaller, local companies that planned to tender for the road repair which included her company, GWH.
- 27 Caroline Thomas said the reason for the meeting was to discuss the content of the tender documents to ensure that local contractors could reasonably compete with bigger companies in the tender process. When interviewed by the Authorised Persons, the Shire President advised that the Shire did not normally conduct unofficial meetings to discuss tender documents and assumed it had been convened due to the delay in calling for tenders.
- 28 The former CEO was on leave at the time and later became aware the meeting had taken place, however he recalled that no one raised any concerns with him about the meeting, who was present or what was discussed.

- 29 The tender documents, once reviewed and finalised by Hoy with some input from the Council, were prepared by Kott Gunning Lawyers.
- 30 The then Deputy CEO, Warren Olsen, stated that in his experience working for local government authorities it was not ordinary practice for Council to become involved in the preparation of tender documents, but it did occur at the Shire.
- 31 The Act and associated regulations prescribe the role of Council and its decision-making processes. It provides that elected members participate in the decision-making process at council meetings, and that the authority to make decisions is exercised by Council via simple or absolute majority decisions at formal meetings of council, or committees with delegated authority, only.
- 32 The Authorised Persons recognise that councils may run informal forums inclusive of briefing or information sessions. However, no binding decisions may be made at these “informal” meetings.
- 33 It is the view of the Authorised Persons that the unofficial meeting to discuss the tender documents involving Councillors that had a likely interest in the tender risked the erosion of public confidence in the Council and lacks transparency in the tender process.

2.1.2 Tendering of Flood Damaged Road Repairs - AGRN473

- 34 On 13 January 2018, the Request for Tender (**RFT 2017-06**) was advertised in the *West Australian* newspaper with a closing date of 8 February 2018. The tender stated that the contract could be awarded as one contract consisting of three parcels of work and that a contractor or contractors could be awarded one or more of the parcels, or all three parcels. The tender also required that the works be completed within a set time frame in order to comply with WANDRRA funding requirements.
- 35 The weather event had occurred some 12 months earlier and there was some urgency to award and complete the tender before the time limit specified by WANDRRA funding expired.
- 36 Given the interests that some Councillors may have had in the tendering of the works, the Shire Administration thought it best to engage the services of an independent assessor to assess the tenders and make recommendations.
- 37 On 15 March 2018, River Engineering Pty Ltd (**River Engineering**) prepared a tender assessment and recommendation report for the tender. One of the tenderers was GWH and as part of the assessment process, River Engineering made the following comments;

“Goodwork are interested in taking on all three parcels as lead contractor.

Goodwork are located in Wiluna and a significant pricing advantage due to their reduced mobilisation costs.

The project is three times larger than their turnover from last year.

No organisation chart has been provided.

A conflict of interest exists as one of the company directors is also a Councillor for the Shire of Wiluna.

The score calculated for their Tender Qualitative Criteria came to 67%. This equates to fourth best out of the seven tenderers.

Goodwork are without question ranked as number one for pricing due to their local proximity to the site. However, it must be noted that some of the pricing items have not been offered.”

- 38 At the completion of the assessment process, River Engineering made the following recommendations:

“Two Contractors being Goodwork and Quadrio as the most attractive offers, however, both have conflicts of interest. Both of these tenderers are significantly ahead of any of the tenderers in relation to price of all the parcels.

The positives from the Goodwork offer is that it will represent the most cost effective over the duration of the contract and approximately 9% lower than the Quadrio all parcels offer. It also uses local content which will be important to the region, something that Quadrio did not offer.

The negatives are the size of the project in relation to the company size and whether the company can handle a project of this size within the timeframe. However, they are supported by local subcontractors which may allay any fears.

My recommendation is to award the contract to Goodwork but the conflict of interest will have to be managed not only through the awarding of the contract but throughout the term of the contract. Some suggestions as to how this may be managed are;

- Obtain advice from the WALGA Legal team.*
- Ensuring the Councillor who has an association with the Contractor is excused from any decision made in association with this Contract.*
- Keep a detailed record of the work which has been performed. For instance, take photographic evidence of the before and after work.*
- Engage a third party to verify the quality of work produced.*
- Obtain a third party to review payment claims and issue a payment certificate.”*

- 39 At the OCM of 28 March 2018, the Council, having noted River Engineering's report and recommendations, passed a resolution to award the contract for RFT 2017-06 Supply of Plant & Operators for WANDARRA Road Flood Damage Repairs to GWH (extract of minutes below):

**12.2. RFT 2017-06 Supply of Plant & Operators for WANDARRA Road
Flood Damage Repairs**

Officer Recommendation & Council Decision

Item 12.2.

MOVED CR HARRIS

SECONDED CR GRUNDY

For Council to:

- 1. Note the Tender Evaluation Report RFT 2017-06 Completed by River Engineering**
- 2. Award Tender RFT 2017- 06 to Goodwork Holdings, for the supply of plant and operators for parcels 1, 2 and 3 on the provision that local sub-contractors and content are used as listed in the tender submission, and that they can complete all 3 parcels concurrently in the 12 month period.**
- 3. Authorise the CEO to vary the tender contract up to 10%.**

CARRIED 4/0

Resolution 028/18

40. The resolution awarded the tender to GWH as 1 contract but separated the works into 3 separate parcels, all of which were awarded to GWH.
41. Hoy raised concerns with then CEO, Colin Bastow, that GWH would be unable to successfully complete the works given the capabilities of the company and therefore requested that the contract be separated into 3 individual contracts pertaining to parcels 1, 2 and 3. Hoy considered that separating the works into 3 separate contracts would allow the Shire to revoke parcels of work from GWH should the need arise. The former CEO agreed with the assessment of Hoy in relation to risk mitigation of the contract and the separation of the works into 3 separate contracts.
42. When interviewed by the Authorised Persons, the former CEO, Colin Bastow stated that he saw the ambiguity in the wording of the resolution as semantics and believed the Administration was protecting the Shire by separating the project into 3 separate contracts. He now concedes that the resolution should have been more particular in its wording.
43. Hoy stated that Caroline Thomas was unhappy about the changes to the contract however she felt that it was the best way to mitigate the risk to the Shire. Hoy felt that GWH would ultimately be unable to complete all 3 parcels of work even though Council had resolved to award the tender to them.
44. Simon Thomas of GWH maintains that his company should have been awarded the tender as one contract as per the resolution of Council. He was told by Angela Hoy that she had concerns as to whether GWH had the capabilities to complete the works and intended to split the works into three separate contracts to protect the risk to the Shire.
45. Simon Thomas stated that if that was her desire than the matter should have returned to Council for clarification of the resolution. He ultimately agreed to sign separate contracts for the three parcels of works but stated he wasn't comfortable doing so.

46. In the view of the Authorised Persons, clarification should have been sought from the Council, by way of another resolution, on whether it was the intention of Council to award 1 or 3 contracts to the successful tenderer.
47. Hoy had conversations with Cr Thomas prior to the tender being awarded to GWH in relation to her concerns that GWH could complete the works and that she was concerned that the size of works may financially cripple GWH. Cr Thomas continually reassured her that GWH had the capability to complete the works.
48. When interviewed by the Authorised Persons, the former CEO conceded that the Administration did not focus enough on the financial position of GWH prior to recommending them as the preferred tenderer.
49. Cr Thomas told the Authorised Persons that she travelled to Granite Peak Station and had the contracts signed by the Shire President.
50. When interviewed by the Authorised Persons, the Shire President acknowledged that he did not scrutinise the contracts in as much detail as he should have and was not fully aware of what he was signing. The Shire President has now adopted the practise of scrutinising contract documents in more detail and will not be merely guided by the CEO or Deputy CEO.
51. It is the view of the Authorised Persons that it was highly irregular for Cr Thomas, in her capacity as a director of GWH, to travel to the property of the Shire President to have the contracts signed. This practice lacks transparency and could lead to allegations of impropriety. Cr Thomas did not adequately manage her role as both a Councillor and director of GWH by failing to maintain independence with the tender process and management of the contract. Further, the Council failed to adequately address the concerns highlighted by River Engineering in the tender assessment of GWH prior to awarding the tender.
52. A further tender was awarded to Talis Consultants for the supervision of the project. This included the day to day supervision of the contractors and works, quality assurance of the project and verification and submission of daily work sheets.
53. A further tender was awarded to GTS for the administration of the project. GTS was responsible for the collating and auditing of completed works and preparation of claims for submission to MRWA by the Shire for reimbursement.
54. Works commenced and as the project continued, relationships between GWH, Talis and the Shire Administration began to deteriorate.
55. Issues impacting on the project were:
 - a. GWH requesting amendments to the works roster;
 - b. GWH asking that the Shire reconsider the hourly rates of the contract;
 - c. delays in payments being made to GWH by the Shire;
 - d. personality conflicts between GWH, Talis and Shire Administration;
 - e. poor conflict resolution;
 - f. the misunderstanding or miscommunication of aspects of the contract;
 - g. threats by GWH that work would cease on parcel 2 if hourly rates were not increased; and

- h. poor management by Council and Shire Administration in respect of Cr Thomas' involvement with the project as both a Shire Councillor and the contractor.
56. An independent contractor, Brett Howson, was asked by GWH to review the project and make some suggestions to remedy the issues. Mr Howson reviewed the project over 3 days, identified several issues and made some recommendations to assist with the management of the project. Mr Howson stated that he advised the then CEO of his findings and recommendations.
 57. Simon Thomas of GWH used Mr Howson on a part time basis to be a liaison between GWH and the Shire at the suggestion of the Shire President, in an effort to maintain a cohesive working relationship.
 58. Towards the end of 2018, the Shire President asked the then CEO to conduct an internal investigation into the management of the contract. The internal investigation did not find any significant issues or resolve anything. When interviewed, the Shire President advised that the internal investigation was not a resolution of Council and concedes in hindsight it should have been, but the then CEO maintained it was an operational matter and therefore his responsibility.
 59. Simon Thomas and GWH had a fractured relationship with Talis which began to impact on the effective management of the contract. Thomas viewed the Talis staff as incompetent who over scrutinised their claims. GWH were often refused claims for standby or unproductive hours for plant equipment. Thomas argued it was necessary to claim for standby hours for plant equipment as it was a normal practise in road construction and that Talis did not understand the necessity of that practise.
 60. Delays in payments from the Shire to GWH for completed works had begun to occur. Thomas stated this was a result of the cumbersome system for the payment of claims. The system of payment consisted of the submission of resource summary sheets by GWH to Talis for approval which would in turn be submitted to GTS. GTS would confirm the claims and prepare them for the approval and payment by the Shire and the subsequent claim to MRWA. GWH raised concerns over the length of time payments were taking which had occurred because of a lag time between Talis, GTS and the Shire.
 61. According to Simon Thomas, at one-point GWH were owed \$800,000 in arrears and advised the Shire Administration he intended to halt the works until payment was received. Thomas believed that the former CEO perceived this as a threat to the Shire to not complete the works which then led him to believe that GWH were in a financially precarious position.
 62. Thomas maintains that this contributed to the then CEO and administration of the Shire becoming increasingly nervous about the completion of the works and ultimately led to Council revoking the contracts. Thomas maintains that GWH was never financially vulnerable and was well equipped to complete the works, continuing to be on budget and on schedule.
 63. Thomas raised the issue of the outstanding payments owed to GWH with the Shire Administration on a number of occasions which then undertook to settle the outstanding debts in a timely manner. Thomas maintains this was only after the termination of the parcel 3 contract.

64. The former CEO, Colin Bastow thought that in hindsight the roles of Talis and GTS could have been carried out by a single contractor which would likely have reduced some time delay in the payment of invoices and thereby eased financial pressure on GWH.
65. Although several concerns were raised by the administration regarding the ability of GWH to complete the project they were still awarded the contract. This is probably due to the want of Council and Administration to use local businesses.
66. Jim Quadrio maintained that the issues that plagued the contract were a result of the former CEO relying too heavily on his then Deputy CEO and the EMTS, who had not supported him strongly enough and acknowledged that he and the Council should have been more astute.

2.1.3 Revoking of flood-damaged road repairs contracts AGRN473

67. As relationships between the parties connected to the project continued to deteriorate, Council recognised the need to act. The Council and Administration had become concerned that the Shire was at risk of not completing the project in the allotted time period therefore leaving the Shire exposed to financial risk.
68. A report was prepared for Council by Hoy recommending that contracts for parcels 1, 2 and 3 be terminated and new tender documents be prepared and advertised.
69. At the OCM of 22 August 2018, the Council resolved to delegate authority to the then CEO to terminate the contracts awarded to GWH for parcels 1, 2 and 3 of AGRN743 and prepare and advertise new tender documents for the supply of plant and operators.
70. When interviewed by the Authorised Persons, the former CEO stated that he believed he had the discretion to terminate 1, 2 or all of the contracts or not to terminate any of the contracts. However, the resolution of Council clearly directed him to terminate all the contracts.
71. Prior to the former CEO terminating the contracts, significant correspondence occurred between himself and Cr Thomas acting on behalf of GWH. A lot of the correspondence and discussion was emotive, with Cr Thomas assuring the former CEO that GWH could complete the contracted works. After negotiations between the parties, it was agreed that GWH would complete the works on parcels 1 and 2, but the contract for parcel 3 would be terminated. GWH were told they could re-tender for parcel 3 when the new tender was advertised.
72. When interviewed, Cr Thomas stated she felt pressured to surrender the contract for parcel 3 with the proviso from the then CEO Mr Bastow, that GWH be allowed to retain the contract for parcels 1 and 2. She was advised that parcel 3 was to be re-tendered and GWH could tender for the new contract.
73. It is the view of the Authorised Persons that the former CEO acted contrary to the resolution of Council in failing to terminate all three contracts.
74. A subsequent request for tender was advertised inviting tenders from contractors to complete parcel 3 of the flood damage road repair.
75. GWH submitted a tender for the works, however the Council awarded the contract to Dean Contracting on 24 October 2018. Prior to awarding the tender to Dean Contracting, the financial status of the company was heavily scrutinised in order to ensure they had the cash reserves to complete the works.

76. In May 2019 Cr Thomas resigned from the Council believing her position on Council had become untenable.
77. Legal proceedings have been commenced by GWH alleging breach of contract by the Shire and are currently on foot. Complaints received by the Department from Simon and Caroline Thomas referenced the alleged breach of contract by the Shire, however the authorised inquiry did not investigate these claims due to them being outside the scope of the inquiry and the subject of ongoing civil litigation.

2.2 The overdraft of \$2.5M from the Commonwealth Bank of Australia (CBA)

78. In May 2019, the Shire had outstanding reimbursements from MRWA totalling approximately \$5 million. The outstanding amount was a total of WANDRRA claims submitted to MRWA relating to flood damaged road repair, AGRN473.
79. Although the Shire's finances were in a relatively healthy state, much of the cash flow was held in term deposit accounts in order to maximise interest revenue for the Shire.
80. The day to day cash flow of the Shire had become very poor due to the outstanding WANDRRA reimbursements and the Shire Administration investigated the possibility of securing an overdraft facility to ease the burden of payment of the day to day accounts until the funds owed had been reimbursed.
81. At the OCM of 26 June 2019, the then Deputy CEO, Warren Olsen, prepared a report for Council which indicated that much of the outstanding WANDRRA claims had been reimbursed by MRWA. The report stated that an overdraft was still desirable to assist with the day to day cash flow of the Shire.
82. The Shire currently has five (5) outstanding loans with the Western Australian Treasury Corporation (**WATC**) totalling approximately \$3.5 million. Master Lending agreements pertaining to these loans stipulate that the Shire must seek the approval of the WATC prior to securing credit from a third party.
83. It was discovered that the Shire did not seek the approval of the WATC to seek finance from a third party, being the CBA overdraft, thereby breaching clauses 31.5 and 31.8 of the Master Lending Agreeing with the WATC. The former CEO later self-reported this breach once he was made aware of it.
84. It is important that local governments are aware of their legal obligations, including those under contract, when seeking sources of credit.

2.3 The financial viability of the Shire

2.3.1. Record keeping by the Shire

85. The Shire's Record Keeping Plan 2016 (**RKP**) outlines how the Shire will comply with the *State Records Act 2000* and the procedures associated with the storage of records.
86. Due to the age of the RKP, procedures relating to the current document management system, Magiq, are not referenced, thus procedures or processes outlined in the RKP are not relevant to the current record keeping systems of the Shire.
87. Section 4.3.1 'Vital Records Program' of the Shire's Record Keeping Plan states: *"Vital records are stored in a secured area, if hardcopy, or backed up if electronic. The hard copy vital records are held in the administration area except for Council*

Minutes, legal documents and Management orders which are kept in fireproof locked cabinets.”

88. On multiple occasions, records such as financial data, was not available and timestamps concluded that information was uploaded into Magiq by Shire staff only after BDO had requested it from the Shire.
89. BDO were provided with the Office of the Auditor General Audit Findings for the 2018/19 financial year in relation to the Shire. The document was dated 24 July 2020.
90. The Shire's Management Comments state *“All accounting documents back to 1 July 2017 have now been scanned and registered in to the Magiq Electronic Document Management and Retrieval System and are therefore readily available to Auditors and other.”*
91. BDO identified that documentation in relation to bank reconciliations for the 2018/19 financial year was uploaded in the Magiq system on 5 August 2020, only after BDO had again requested the information.
92. The Shire's record keeping limited the scope of work undertaken and significantly delayed the forensic audit of the financial operations of the Shire.
93. It is the view of the Authorised Persons that the Shire of failed to ensure government records were being kept in accordance with the Shire's RKP, and timely accounts and records were not maintained and ready for inspection.

2.3.2 BDO findings

94. As mentioned above at paragraphs [9] and [10], a forensic audit was undertaken by BDO. A copy of BDO's findings are attached to this report. Having reviewed the findings of BDO, it is the view of the Authorised Persons that the Shire did not maintain proper accounting practices.

2.4 The culture of the Shire, including aspects of the elected members and administration

95. The matters identified above suggest that during the time covered in this report, the culture of the Shire was not one that paid close attention to proper tendering and accounting practices, as a local government should give.
96. In the course of interviewing Shire staff and Council members, there appeared to the Authorised Persons to be a recognition of a level of dysfunction and strain, although different reasons were given for why that may be. Since then, there have been improvements in the Shire, with reviews currently being conducted of all staff qualifications and financial aspects of the Shire's operations.
97. When interviewed, the Shire President stated that he couldn't completely trust the former CEO and Deputy CEO and that although a relationship between himself and the CEO continued to exist, the relationship was strained. The former CEO felt that his relationship with Council was generally good.
98. Alternatively, the former EMTS Angela Hoy criticised the President for being too sympathetic to the interests of other Councillors and did not handle the conflict of interest between Cr Caroline Thomas and RFT 2017-06 well. Once the administration of the contract pertaining to RFT 2017-06 degenerated between GWH, Council and the Administration the relationship became toxic and reconciliation was futile.

99. The Shire's elected members and staff showed a lack of understanding in respect to their roles, responsibilities and obligations under the Act, relevant regulations and Shire policies.

3 Recommendations

100. It is recommended that;

- 1 the Shire of Wiluna employ suitably qualified staff to positions that are responsible for the financial management of the Shire.
- 2 The Elected Members of the Shire of Wiluna undertake training in relation to understanding the financial management of the Shire. Such training should be similar to the Australian Institute of Company Directors – Courses for the Director and is to be determined appropriate by the Director General and undertaken within 6 months of this report becoming final.
- 3 Following completion of the training referred to in Recommendation 2, the CEO is to deliver to the Director General a comprehensive report:
 - demonstrating the knowledge and understanding gained by the Elected Members from the training; and
 - identifying members who have attended the training and any reasons for non-attendance; and
 - outlining the steps taken by the Shire to implement such knowledge and understanding.



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

Shire of Wiluna

Summary of observations

23 March 2021



1. OBSERVATIONS

This summary of observations is based on work that has been undertaken on behalf of the Department and on their instructions. The below observations have not been discussed with any representatives of the Shire of Wiluna.

1.1. Record Keeping by the Shire

- 1.1.1. The Shire's *Record Keeping Plan (RKP) 2016* outlines the Shire's compliance with the *State Records Act 2000* and the procedures associated with the storage of records.
- 1.1.2. Due to the age of the *RKP*, procedures relating to the current document management system, Magiq, are not referenced, thus procedures or processes outlined in the *RKP* are not relevant to the current record keeping systems of the Shire.
- 1.1.3. Section 4.3.1 'Vital Records Program' of the Shire's Record Keeping Plan states:

"Vital records are stored in a secured area, if hardcopy, or backed up if electronic. The hard copy vital records are held in the administration area except for Council Minutes, legal documents and Management orders which are kept in fireproof locked cabinets."
- 1.1.4. On multiple occasions, records such as financial data, was not available and timestamps concluded that information was uploaded into Magiq by Shire staff only after we had requested it from the Shire.
- 1.1.5. We were provided with the Office of the Auditor General Audit Findings for the 2018/19 financial year in relation to the Shire. The document was dated 24 July 2020.
- 1.1.6. Shire's *Management Comments* state *"All accounting documents back to 1 July 2017 have now been scanned and registered in to the Magiq Electronic Document Management and Retrieval System and are therefore readily available to Auditors and other."*
- 1.1.7. We identified that documentation in relation to bank reconciliations for the 2018/19 financial year was uploaded in the Magiq system on 5 August 2020, only after we had again requested the information.
- 1.1.8. The Shire's record keeping limited the scope of work undertaken and significantly delayed the forensic audit of the financial operations of the Shire.

Suggested Finding 1: The Shire of Wiluna breached section 78(1) of the *State Records Act 2000* by not ensuring government records were being kept in accordance with the Shire's record keeping plan.

Suggested Finding 2: The Shire of Wiluna CEO breached section 6.5(b) of the *Local Government Act 1995* by not keeping timely accounts and records that are ready for inspection at any time by persons.

1.2. Transfers Between Accounts

- 1.2.1. Three hundred and forty-one (341) transactions were identified in which funds were transferred between Shire bank accounts for the period 1 July 2018 through to 30 June 2019.
- 1.2.2. We identified and examined transfers between ten (10) bank accounts from four (4) financial institutions that were held by the Shire.
- 1.2.3. The table below summarises the transfers made between Shire bank accounts identified.

Table 1: Transfers between Shire Bank Accounts

Bank Account	Bank Account No.	No. of Transactions	Transfers In	Transfers Out
AMP Business Saver	939200-181780156	20	\$2,480,000.00	\$3,098,471.54
ANZ Expense Account	016263-353728718	95	\$15,727,368.11	\$11,876,773.34
ANZ Reserve Call	016286-230866598	8	\$82,375.17	\$1,612,120.81
ANZ Negotiator Investor	016307-337735467	47	\$6,105,000.00	\$8,736,487.73
ANZ Trust Account	016263-110596343	5	\$600.00	\$11,825.70
Bankwest Money Market Call	3001771	6	\$2,640,000.00	\$2,090,000.00
CBA Cash Deposit	38053009	67	\$15,044,840.96	\$15,670,840.96
CBA Cash Deposit	38138607	10	\$2,823,393.12	\$1,502,887.27
CBA Cheque Account	066000-12480346	80	\$15,209,084.59	\$15,525,580.30
CBA Trust Account	600012-480362	3	\$12,325.70	\$0.00
TOTAL		341	\$60,124,987.65	\$60,124,987.65

1.2.4. Three hundred and forty-one (341) transfers between Shire bank accounts were verified and accounted for in relation to the period 1 July 2018 through to 30 June 2019.

1.3. Grant Payments to the Shire

1.3.1. The examination of grants received by the Shire of Wiluna is limited to the period 1 July 2018 through to 30 June 2019.

1.3.2. We identified and examined sixteen (16) grants received by the Shire of Wiluna for the period 1 July 2018 through to 30 June 2019 totalling \$5,344,491.00.

1.3.3. The Shire's audited financial statements for the 2018/19 year show grants received, excluding the WANDRRA grant, totalling \$5,335,565.00.

1.3.4. The table below outlines the variance between the Shire's audited financial statements and the amounts received in Shire bank accounts.

Table 2: Grants Received 2018/19 FY

Grant Name	Grant Issuer	Amount Reported in Financials (GST Excl)	Amount Received as per Bank Statements (GST Excl)	Variance
FAGS - General Purpose	Government of Western Australia	\$1,822,285.00	\$1,822,285.00	\$0.00
FAGS - Roads	Government of Western Australia	\$874,110.00	\$874,110.00	\$0.00

Grant Name	Grant Issuer	Amount Reported in Financials (GST Excl)	Amount Received as per Bank Statements (GST Excl)	Variance
Emergency Services - Operational Grant	Department of Fire and Emergency Services	\$24,146.00	\$19,489.00	-\$4,657.00
Dept. of Arts - Gallery Operation	State Library of Western Australia	\$139,530.00	\$155,000.00	\$15,470.00
ADF Grant (Alcohol & Drugs)	Alcohol and Drug Foundation	\$10,000.00	\$10,000.00	\$0.00
CDP Funding	MEEDAC	\$60,000.00	\$60,000.00	\$0.00
State Library - Art Funding	State Library of Western Australia	\$1,887.00	-	-\$1,887.00
MRWA - Regional Roads	Main Roads Western Australia	\$293,563.00	\$293,563.00	\$0.00
Roads to Recovery	Department of Infrastructure, Regional Development and Cities	\$1,343,433.00	\$1,343,433.00	\$0.00
FAGS - Remote Communities	Government of Western Australia	\$20,000.00	\$20,000.00	\$0.00
MRWA - Remote Communities	Main Roads Western Australia	\$26,000.00	\$26,000.00	\$0.00
RADS - Airport	Department of Transport	\$15,000.00	\$15,000.00	\$0.00
MRWA - Black Spot	Main Roads Western Australia	\$93,672.00	\$93,672.00	\$0.00
MRWA - CRSF	Main Roads Western Australia	\$250,000.00	\$250,000.00	\$0.00
RAUP - Airport Fencing	Department of Industry, Innovation and Science	\$169,685.00	\$169,685.00	\$0.00
MRWA - Direct Grant	Main Roads Western Australia	\$192,254.00	\$192,254.00	\$0.00
TOTAL		\$5,335,565.00	\$5,344,491.00	\$8,926.00

1.3.5. We could not verify acquittal information for the following grants as the Shire could not supply adequate acquittal and supporting documentation:

- FAGS - General Purpose;
- FAGS - Roads; and
- MRWA - Remote Communities.

Variance in Financial Statements

1.3.6. We identified three (3) grants with variances to the Shire of Wiluna's 2018/19 audited financial statements.

1. Emergency Services - Operational Grant

- We have examined and verified five (5) payments received from the Department of Fire & Emergency Services totalling \$19,489.00 (excl. GST).
- Supporting documentation, provided by the Shire, confirms the value of the grant as \$19,489.00.
- The Shire's 2018/19 audited financial statements allocates a value of \$24,146.00 to the 'Emergency Services - Operational' grant.
- We identify a variance of \$4,657.00 in relation to the grant 'Emergency Services - Operational'.

2. Dept. of Arts - Gallery Operation

- We have examined and verified four (4) payments received from the Library Board of Western Australia and two (2) payments received from the Department of Communications totalling \$155,000.00 (incl. GST).
- Supporting documentation, provided by the Shire, confirms the value of the grant as \$155,000.00 (incl. GST).
- The Shire's 2018/19 audited financial statements allocates a value of \$139,530.00 to 'Department of Arts - Gallery Operation'
- We identify a variance of \$15,470.00 in relation to the grant 'Dept. of Arts - Gallery Operation'.

3. State Library - Art Funding

- The Shire's 2018/19 audited financial statements allocates a value of \$1,887.00 to State Library - Art Funding.
- We have not identified source or supporting documentation relating to a grant with this name.
- We identify that the value of this grant payment is in relation to the Indigenous Creative Fellowship grant.
- Shire bank records show that the payment was received from the Library Board of Western Australia, the issuer of the Indigenous Creative Fellowship grant.
- We identify a variance of \$1,887.00 relating to 'State Library - Art Funding' grant.

Suggested Finding 3: On three (3) occasions, a variance has been identified in relation to amounts received in Shire bank accounts and amounts presented in the Shire's 2018/19 audited financial statements.

Suggested Finding 4: The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

Suggested Finding 5: The Shire of Wiluna CEO breached Section 5(1)(d) of the *Local Government (Financial Management) Regulation 1995* by not ensuring proper accounting for municipal accounts.

Variance in Grant Acquittal Documentation - Main Roads

- 1.3.7. We identified four (4) general ledger accounts related to grants that vary to the acquittal documentation submitted to Main Roads by the Shire.
- 1.3.8. A total variance of \$262,012.81 was identified between the total project costs shown on the acquittal documentation submitted to Main Roads by the Shire and the Shire's general ledger.
- 1.3.9. The table below outlines the variance between Shire general ledger records and total project costs as documented in the acquittal information provided to Main Roads.

Table 3: Variance between Acquittal Documentation and Shire Records

General Ledger Account	Amount Shown - Shire General Ledger	Amount Shown on Acquittal Documentation - Total Project Cost	Variance
Account 1C1210030 - Wiluna Sandstone Road	\$90,907.52	\$85,787.52	\$5,120.00
Account 1C1210010 - Wongawol Road - Re-Sheeting	\$488,557.47	\$440,344.65	\$48,212.82
Account 1C1210110 - Wiluna North Road	\$578,530.50	\$378,150.52	\$200,379.98
Account 1C1218060 - Yeelerie Road Blackspot	\$213,403.65	\$205,103.64	\$8,300.01
TOTAL	\$1,371,399.14	\$1,109,386.33	\$262,012.81

- 1.3.10. For 'Account 1C1210010 - Wongawol Road - Re-Sheeting,' the Shire submitted Acquittal documentation to Main Roads with a Final Total Project Cost of \$440,344.65. As per the Shire's General Ledger, the total project cost was \$488,557.47. This resulted in the Shire only receiving a grant in the amount of \$293,563.10, rather than \$325,704.98. This resulted in a shortfall of \$32,141.88 the Shire did not received from Main Roads.

Suggested Finding 6: The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

Suggested Finding 7: The Shire of Wiluna CEO breached section 5(1)(a) of the *Local Government (Financial Management) Regulations 1996* by not ensuring the proper collection of all money owing to the local government.

Suggested Finding 8: The Shire of Wiluna CEO breached section 5(2)(a) of the *Local Government (Financial Management) Regulations 1996* by not ensuring eligible grants are fully claimed from Main Roads.

Suggested Finding 9: The Shire of Wiluna CEO breached section 5.41(h) of the *Local Government Act 1995* by not ensuring that records and documents of the local government are properly kept.

1.4. Reconciliation of Term Deposits

1.4.1. The examination of term deposits held by the Shire of Wiluna is limited to the period 1 February 2018 through to 2 April 2020.

1.4.2. We identified fifty-five (55) term deposits from eleven (11) financial institutions the Shire held during the period 1 February 2018 through to 2 April 2020.

1.4.3. The table below outlines the term deposits examined.

Table 4: Term Deposits Examined

Financial Institution	No. of Term Deposits	Investments	Interest Accrued as per Contract Notes	Withdrawals	Variance
Bankwest	7	\$7,357,589.67	\$15,200.93	\$7,372,790.60	\$0.00
Bank of China (BoC)	4	\$4,400,000.00	\$10,250.64	\$4,410,250.64	\$0.00
Bank of Queensland (BoQ)	7	\$8,354,437.46	\$49,266.80	\$8,403,704.26	\$0.00
Defence Bank	1	\$420,316.38	\$2,595.60	\$422,911.98	\$0.00
IMB	7	\$6,569,723.29	\$29,864.53	\$6,599,587.82	\$0.00
Macquarie Bank	2	\$2,000,000.00	\$15,393.70	\$2,015,393.70	\$0.00
ME Bank	9	\$11,958,376.04	\$88,104.31	\$12,046,480.35	\$0.00
MyState Bank	2	\$1,500,000.00	\$5,356.85	\$1,505,356.85	\$0.00
National Australia Bank (NAB)	9	\$7,816,272.88	\$54,252.40	\$7,870,521.67	-\$3.61
Rural Bank	2	\$2,603,924.89	\$19,166.64	\$2,623,091.53	\$0.00
Westpac	5	\$6,358,958.59	\$44,032.44	\$6,402,991.03	\$0.00
TOTAL	55	\$59,339,599.20	\$333,484.84	\$59,673,080.43	-\$3.61

1.4.4. Investments, interest accrued and withdrawals for fifty-five (55) term deposits from eleven (11) financial institutions have been verified through examination of Shire records obtained.

1.4.5. One (1) variance was identified in relation to NAB Term Deposit #034483 totalling \$3.61. The variance occurs between the value deposited in Shire bank accounts at the date of maturity and the interest to be accrued on the term deposit at the date of maturity as per contract note #304483.

1.4.6. No reason was identified as to why the value deposited in Shire bank accounts varies from the interest payable at maturity as per the contract note.

1.5. Bank Reconciliations

- 1.5.1. Bank reconciliations for the period 1 July 2018 through to 30 June 2019 were requested in relation to the following Shire bank accounts:
- ANZ Municipal Expense Account 016263-353728718; and
 - CBA Municipal Expense Account 066000-12480346.
- 1.5.2. Bank reconciliations for the period were not accessible in Magiq. A further request was made to the Shire for this information on 5 August 2020. Shire staff uploaded bank reconciliations into Magiq on 5 August 2020, as per document timestamps.

ANZ Municipal Expense Account 016263-353728718

- 1.5.3. Twelve (12) monthly bank reconciliations for the period 1 July 2018 through to 30 June 2019 were identified and examined in relation to the Shire's ANZ Municipal Expense Account.
- 1.5.4. The table below outlines the variance identified for the Shire's ANZ Municipal Expense Account.

Table 5: Variance - ANZ Municipal Expense 016263-353728718

Month	Balance as per Bank Statement	Balance as per General Ledger	Adjustments	Variance
Jul-18	\$203,125.03	\$202,912.24	\$212.79	\$0.00
Aug-18	\$49,562.49	\$27,165.95	\$22,396.54	\$0.00
Sep-18	\$240,544.29	\$221,788.27	\$18,756.02	\$0.00
Oct-18	\$38,600.06	\$22,385.16	\$16,214.90	\$0.00
Nov-18	\$9,241.76	\$12,522.76	-\$3,281.00	\$0.00
Dec-18	\$215,234.54	\$206,038.24	\$9,196.30	\$0.00
Jan-19	\$31,710.88	\$31,345.90	\$364.98	\$0.00
Feb-19	\$44,573.04	\$46,151.43	-\$1,578.39	\$0.00
Mar-19	\$11,386.68	\$13,065.09	-\$1,678.41	\$0.00
Apr-19	\$16,565.19	\$21,936.92	-\$5,371.73	\$0.00
May-19	\$271.23	\$16,197.64	-\$15,926.41	\$0.00
Jun-19	\$1,521.71	\$3,330.99	-\$1,809.28	\$0.00
TOTAL	\$862,336.90	\$824,840.59	\$37,496.31	\$0.00

- 1.5.5. Bank reconciliations were not provided in a suitable format for the months October 2018 through to June 2019 for the Shire's ANZ Municipal Expense Account.
- 1.5.6. The Shire provided Excel worksheets with line adjustments only, appearing to be a Shire prepared work-paper. The format of this document made it difficult to confirm adjustments performed for the month.

Suggested Finding 10: The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

Suggested Finding 11: The Shire of Wiluna CEO breached section 5.41(g) of the *Local Government Act 1995* by not ensuring supervision of the Shire's employees in relation to the preparation of the bank reconciliations.

Suggested Finding 12: The Shire of Wiluna CEO breached Section 5(1)(d) of the *Local Government (Financial Management) Regulations 1996* by not ensuring proper accounting for the preparation of the bank reconciliations.

CBA Municipal Expense Account 066000-12480346

1.5.7. Six (6) monthly bank reconciliations were identified for the period 1 January 2019 through to 30 June 2019 in relation to the Shire’s CBA Municipal Expense Account.

1.5.8. The table below outlines the variance identified for the Shire’s CBA Municipal Expense Account.

Table 6: Variance - CBA Municipal Expense Account 066000-12480346

Month	Balance as per Bank Statement	Balance as per General Ledger	Verified Adjustments	Variance
January 2019	\$87,828.08	\$87,828.08	\$0.00	\$0.00
February 2019	\$72,324.50	\$72,564.42	\$0.00	-\$239.92
March 2019	\$645,067.82	\$51,008.14	\$594,059.68	\$0.00
April 2019	\$11,336.65	\$18,472.35	-\$7,135.70	\$0.00
May 2019	\$115,751.54	\$106,675.80	\$9,194.74	-\$119.00
June 2019	\$22,822.34	\$21,630.69	\$1,191.65	\$0.00
TOTAL	\$955,130.93	\$358,179.48	\$597,310.37	\$358.92

1.5.9. Two (2) monthly bank reconciliations for February 2019 and May 2019 were identified in which an unreconciled variance was present between the general ledger balance and the balance as per the bank statement.

1.5.10. We identified a total variance of \$358.92 in relation to incorrectly reconciled amounts in relation to the Shire’s CBA Municipal Expense Account.

1.5.11. No description or explanation was provided for variances relating to CBA Municipal Expense Account.

Suggested Finding 13: The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

Suggested Finding 14: The Shire of Wiluna CEO breached section 5.41(g) of the *Local Government Act 1995* by not ensuring supervision of the Shire’s employees in relation to the preparation of the bank reconciliations.

Suggested Finding 15: The Shire of Wiluna CEO breached Section 5(1)(d) of the *Local Government (Financial Management) Regulations 1996* by not ensuring proper accounting for the preparation of the bank reconciliations.

Accurate Completion and Timely Approval of Bank Reconciliations

1.5.12. We examined a total of eighteen (18) bank reconciliations performed between the two bank accounts for the period 1 July 2018 through to 30 June 2019.

1.5.13. Five (5) bank reconciliations were completed and approved by authorised persons at the Shire.

- 1.5.14. Four (4) bank reconciliations for the period March 2019 through to June 2019 were completed and signed by the preparer, but approval of the bank reconciliations were not signed off by an authorised person at the Shire.
- 1.5.15. Nine (9) bank reconciliations for the Shire's ANZ Municipal Expense Account for the period October 2018 through to June 2019 were performed and approved in September 2019.
- 1.5.16. It is understood, as per the 2018/19 Office of the Auditor General Audit Findings, the Shire performed and approved these nine (9) bank reconciliations in September 2019 as this is when management became aware these reconciliations were previously incorrectly completed. The Shire advised they had hired a consultant who re-performed the reconciliations.

Suggested Finding 16: The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

1.6. Purchasing Delegations

- 1.6.1. On 14 June 2019, pursuant to section 5.44 of the *Local Government Act 1995*, former CEO, Mr Bastow delegated, in writing, the exercise of certain functions to provide for the “*expedient exercise and performance of Council’s powers and duties and the efficient management of Council’s business*”. These delegations included the authority to sign Purchase Orders up to specified amounts for purchases relating to their roles and for which a provision has been made in the adopted budget. Delegations, and maximum Purchase Order approval limits, were made to the following:
 - Works Supervisor - \$20,000.00 limit.
- 1.6.2. As per Shire Council minutes dated 26 June 2019, “*Review of Delegations of Powers and Duties to the CEO*” was discussed. Purchasing delegations for the following positions were presented to and approved by Council:
 - Deputy Chief Executive Officer - \$50,000 limit;
 - Works Supervisor - \$20,000 limit;
 - Executive Assistant - \$1,000 limit; and
 - Assets Infrastructure Officer - \$1,000 limit.
- 1.6.3. The former CEO Mr Bastow, emailed staff on 15 August 2019 advising them that he had approved changes to the delegation limits.
- 1.6.4. The email was sent from *ceo@wiluna.wa.gov.au* and stated:

“Hi Katrina, Kavoa and Rob,

I have approved the following changes to your purchasing delegation:

Work supervisor up to \$40,000 (Ex GST)

Executive Assistant up to \$2,000 (Ex GST)

Asset Infrastructure Officer up to \$2,000 (Ex GST)

The above changes will need to be made to SynergySoft Purchase Orders program, to allow for the increase in purchasing limits.

All other purchasing condition etc will remain the same.

Regards

Colin Bastow

CEO”

- 1.6.5. These amendments, as stated in the email, were not presented or approved by Council in any Council minutes sighted.
- 1.6.6. Council minutes have been examined and a review of purchasing delegations at Council has not been undertaken for the following periods.
- 1 July 2016 through to 30 June 2017; and
 - 1 July 2017 through to 30 June 2018.

Suggested Finding 17: The Shire of Wiluna CEO breached section 5.44(2) of the *Local Government Act 1995* by not ensuring delegations were in writing in relation to the increased purchasing limits as per his email dated 15 August 2019.

Suggested Finding 18: The Shire of Wiluna CEO has breached Section 5.46(2) of the *Local Government Act 1995* in which a local government is to keep a register of the delegations made and review the delegations at least once every financial year.

- 1.6.7. On 18 May 2020, 28 May 2020 and 2 June 2020, pursuant to Section 5.44 of the *Local Government Act 1995*, Acting CEO Warren Olsen delegated in writing the authority to sign Purchase Orders up to specified amounts for purchases relating to their roles to the following:

- Manager Works & Technical Services - \$40,000 limit;
- Recreation and Leisure Co-ordinator - \$10,000 limit;
- Manager Community Services - \$10,000 limit;
- Accountant - \$5,000 limit;
- Manager Community & Recreation Services - \$15,000 limit;
- Manager Corporate Services - \$15,000 limit;
- Manager Cultural & Visitor Services - \$15,000 limit; and
- Finance & Administration Officer - \$2,000 limit.

- 1.6.8. The Shire's Register of 'Delegated Authority', dated 24 June 2020 specifies only the following delegations of power by the CEO to another employee:

- Deputy CEO - \$50,000 limit;
- Works Supervisor - \$40,000 limit;
- Executive Assistant - \$2,000 limit; and
- Assets Infrastructure Officer - \$2,000 limit.

- 1.6.9. As per Shire Council minutes dated 24 June 2020, "*Review of Delegations of Powers and Duties to the CEO*" was discussed. The relevant 'Register of Delegated Authority to Chief Executive Officer' was reviewed 15 August 2019. The Register of Delegated Authority presented to the Council excluded the paragraph in relation to the purchasing limits for Shirestaff. Therefore, specific delegation limits were not presented to the Council for review and approval and Council may not be aware that delegation limits have been increased and given to additional employees.

- 1.6.10. Purchase orders were often signed by "Executive Manager - Engineering and Development" and "Executive Manager Technical Services". We did not identify purchasing delegations for these positions.

Suggested Finding 19: If the increased and additional purchasing delegations were not presented and approved by Council, sixty (60) Purchase Orders totalling \$910,397.00 were signed by an unauthorised person.

Suggested Finding 20: The Shire of Wiluna CEO has breached Section 5.41 (b) of the *Local Government Act 1995* by not providing the council with the updated Register of Delegated Authority that ensure informed decisions could be made.

1.7. WANDRRA Grant

- 1.7.1. No limitations are present in relation to the examination of the WANDRRA grant covering the period 21 March 2017 through to 13 September 2019.
- 1.7.2. The Shire of Wiluna was awarded approval on 22 June 2017 for works estimated at \$10,825,924.01 (GST excl.), funded under the by Main Roads under the WANDRRA grant. Seven (7) suppliers were engaged under the WANDRRA grant to enable the completion of works packages for the repair of specific roads arising from flood damage.
- 1.7.3. We identified forty-three (43) Purchase Orders raised in relation to the WANDRRA grant with a total approved value of \$11,531.102.07 (GST excl.).
- 1.7.4. It is unknown why the value of approved Purchase Orders raised exceeds the approved estimate of WANDRRA works by \$790,978.06 (GST excl.).
- 1.7.5. We identified and examined one hundred and seventy (170) invoices and EFT payments for the period 21 March 2017 through to 13 September 2019 totalling \$10,743,059.37 (GST excl.), in relation to the WANDRRA grant.
- 1.7.6. Of the identified invoices, two (2) invoices were examined that were not allocated to a purchase order totalling \$8,620.70. (Refer to Section 1.7.18)
- 1.7.7. One hundred and sixty-one (161) EFT payments totalling \$10,680,150.37 were verified through Shire records for the period 1 July 2017 through to 30 September 2019.
- 1.7.8. Nine (9) EFT payments totalling \$62,909.00 were verified by aba files provided by the Shire for the period 1 March 2017 through to 30 June 2017. This was due to the Shire not retaining EFT payment records prior to 1 July 2017.
- 1.7.9. The table below outlines total payments made in relation to the WANDRRA grant.

Table 7: Payments to Creditors - WANDRRA Grant

Creditor	No. of POs	Value of POs	No. of Invoices	Value of Invoices Paid
Goodwork Holdings	28	\$7,013,997.74	103	\$6,131,517.59
Talis Consultants	1	\$726,946.00	26	\$856,805.06
Greenfield Technical Services	3	\$117,210.00	21	\$109,244.30
Dean Contracting	8	\$3,554,714.83	16	\$3,530,641.97
Dun & Bradstreet	1	\$863.50	1	\$172.70
Hardley Davey Drilling	1	\$106,645.00	1	\$105,050.00
WML Consultants	1	\$10,725.00	2	\$9,627.75
TOTAL	43	\$11,531,102.07	170	\$10,743,059.37

Acquittal of Invoices to Purchase Orders - WANDRRA Grant

1.7.10. It is understood that SynergySoft was the Shire's primary accounting tool in relation to creditor and Purchase Order maintenance.

1.7.11. We identified sixty-six (66) invoices totalling \$4,460,038.72, in relation to fourteen (14) Purchase Orders totalling \$8,588,819.17, which were not allocated against WANDRRA Purchase Orders in SynergySoft.

1.7.12. The value of invoices not acquitted against the Purchase Orders in SynergySoft totalled \$4,460,038.72 for the period 31 July 2018 through to 13 April 2019.

1.7.13. The table below summarises invoices not acquitted against Purchase Orders in SynergySoft.

Table 8: Value of Invoices not acquitted against Purchase Orders in SynergySoft.

PO No.	Creditor	PO Date	PO Value	Invoices Unaccounted For	Unaccounted Invoices Value
3608	Greenfield Technical Services	28/11/2017	\$93,240.00	9	\$38,769.50
3883	Talis Consultants	19/03/2018	\$726,946.00	14	\$561,178.48
4120	Goodwork Holdings	14/06/2018	\$507,988.64	5	\$256,870.35
4122	Goodwork Holdings	14/06/2018	\$237,929.94	3	\$154,208.45
4125	Goodwork Holdings	14/06/2018	\$826,024.28	12	\$700,476.70
4127	Goodwork Holdings	14/06/2018	\$780,653.88	3	\$42,486.40
4129	Goodwork Holdings	14/06/2018	\$475,611.83	6	\$860,424.95
4130	Goodwork Holdings	14/06/2018	\$277,844.13	4	\$186,343.85
4133	Goodwork Holdings	14/06/2018	\$379,676.38	2	\$165,096.80
4135	Goodwork Holdings	14/06/2018	\$948,914.67	3	\$580,074.44
4136	Goodwork Holdings	14/06/2018	\$771,670.67	2	\$213,628.80
4138	Dean Contracting	14/06/2018	\$1,337,754.76	1	\$84,480.00
4139	Dean Contracting	30/11/2018	\$641,893.90	1	\$323,840.00
4145	Dean Contracting	30/11/2018	\$582,670.09	1	\$292,160.00
TOTAL			\$8,588,819.17	66	\$4,460,038.72

Goodwork Holdings

1.7.14. We identified forty (40) Goodwork Holdings invoices totalling \$3,159,610.74 not acquitted against their respective WANDRRA Purchase Orders in SynergySoft.

Talis Consultants

1.7.15. We identified fourteen (14) Talis Consultants invoices totalling \$561,178.48 not acquitted against their respective WANDRRA Purchase Orders in SynergySoft.

Greenfield Technical Services

- 1.7.16. We identified nine (9) Greenfield Technical Services invoices totalling \$38,769.50 not acquitted against their respective WANDRRA Purchase Orders in SynergySoft.

Dean Contracting

- 1.7.17. We identified three (3) Dean Contracting invoices totalling \$700,480.00 not acquitted against their respective Purchase Orders in SynergySoft.

Suggested Finding 21: The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

Suggested Finding 22: The Shire of Wiluna CEO breached section 5(1)(d) of the *Local Government (Financial Management) Regulations 1996* by not ensuring the proper accounting for expenses paid or payable.

Suggested Finding 23: The Shire of Wiluna CEO breached section 5(1)(e) of the *Local Government (Financial Management) Regulations 1996* by not ensuring the proper authorisations for the incurring of liabilities and the making of payments.

Suggested Finding 24: The Shire of Wiluna CEO breached Section 5.41(h) of the *Local Government Act 1995* by not ensuring that proper accounts and records of the transactions and affairs of the local government are kept.

Invoices Incorrectly Acquitted to Purchase Orders - WANDRRA Grant

- 1.7.18. We identified two (2) Goodwork Holdings invoices totalling \$50,179.80 that had portions of the invoices that were in relation to WANDRRA works but were allocated to non-WANDRRA Purchase Orders in SynergySoft.
- 1.7.19. Invoice 101506 was issued by Goodwork Holdings to the Shire in the amount of \$23,691.80, dated 14 August 2017. The invoice is referenced and allocated to Purchase Order 3168, in which the line item reads “*Maintenance Grading (Flood Damage) for Windidda/Prenti Downs Rd*”. It is identified that Purchase Order 3167 is for non-WANDRRA works.
- 1.7.20. We identify an explanation on Invoice 101506 that states, “*note 25% Flood damage F100 opening up*”. Shire notes also refer to the WANDRRA part of the invoice as totalling \$5,922.95. However, we observed that a total of \$5,971.90 was received in the bank.
- 1.7.21. It is identified that the WANDRRA value allocated in the invoice is not acquitted to any WANDRRA Purchase Order in Shire records. Therefore, \$5,971.90 was incorrectly acquitted to Purchase Orders in Shire records.
- 1.7.22. Invoice 101512 was issued by Goodwork Holdings to the Shire, dated 22 August 2017 to the value of \$26,488.00. The invoice is referenced and allocated to Purchase Order 3167 in which the line item reads “*Maintenance grading for Wongawol Rd*”. It is identified that Purchase Order 3167 is for non-WANDRRA works.
- 1.7.23. We identify an explanation on Invoice 101512 that states, “*note 10% Flood damage F100 opening up*”. Shire notes also refer to the WANDRRA part of the invoice as totalling \$2,648.80.
- 1.7.24. It is identified that the WANDRRA value allocated in the invoice is not acquitted to any WANDRRA Purchase Order in Shire records. Therefore, \$2,648.80 was incorrectly acquitted to Purchase Orders in Shire records.

Suggested Finding 25: The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

Suggested Finding 26: The Shire of Wiluna CEO breached Section 5.41(h) of the *Local Government Act 1995* by not ensuring that records and documents of the local government are properly kept.

Suggested Finding 27: The Shire of Wiluna CEO breached section 5(1)(d) of the *Local Government (Financial Management) Regulations 1996* by not ensuring the proper accounting for expenses paid or payable.

Overpayments on Purchase Orders - WANDRRA Grant

1.7.25. We have identified that WANDRRA payments made to four (4) suppliers exceeded original Purchase Order amounts raised and approved by the Shire.

1.7.26. Overpayments totalling \$1,334,537.68 were identified in relation to sixteen (16) WANDRRA Purchase Orders for the period 21 March 2017 through to 13 September 2019.

1.7.27. The table below shows the value of overpayments on Purchase Orders in relation to the WANDRRA grant.

Table 9: Value of Payments Exceeding Purchase Orders - WANDRRA Grant

Purchase Order No.	Creditor	PO Value	Sum of Invoices	Variance
2721	Goodwork Holdings	\$25,300.00	\$25,447.40	-\$147.40
2727	Goodwork Holdings	\$2,428.80	\$2,648.80	-\$220.00
3321	Greenfield Technical Services	\$22,670.00	\$48,876.30	-\$26,206.30
3386	Goodwork Holdings	\$2,064.00	\$3,500.20	-\$1,436.20
3545	Goodwork Holdings	\$8,600.00	\$8,802.75	-\$202.75
3883	Talis Consultants	\$726,946.00	\$856,805.06	-\$129,859.06
3930	Greenfield Technical Services	\$1,300.00	\$1,683.00	-\$383.00
4126	Goodwork Holdings	\$10,299.48	\$24,253.79	-\$13,954.31
4129	Goodwork Holdings	\$475,611.83	\$951,975.20	-\$476,363.37
4134	Goodwork Holdings	\$744,274.67	\$987,266.50	-\$242,991.83
4135	Goodwork Holdings	\$948,914.67	\$1,237,716.04	-\$288,801.37
4138	Dean Contracting	\$1,337,754.76	\$1,351,680.00	-\$13,925.24
4140	Dean Contracting	\$147,151.84	\$168,960.00	-\$21,808.16
4144	Dean Contracting	\$133,099.00	\$133,596.67	-\$497.67
4145	Dean Contracting	\$582,670.09	\$689,920.00	-\$107,249.91

Purchase Order No.	Creditor	PO Value	Sum of Invoices	Variance
4146	Dean Contracting	\$59,908.89	\$70,400.00	-\$10,491.11
TOTAL		\$5,228,994.03	\$6,563,531.71	\$1,334,537.68

Goodwork Holdings

- 1.7.28. We identified eight (8) Purchase Orders that were overpaid in relation to works associated with the WANDRRA grant.
- 1.7.29. Purchase Orders were approved and raised in relation to Goodwork Holdings in the amount of \$2,217,493.45.
- 1.7.30. Thirty (30) invoices were issued to the Shire from Goodwork Holdings for these Purchase Orders, resulting in EFT payments being made in the amount of \$3,241,610.68.
- 1.7.31. We identify an overpayment of \$1,024,117.23 in relation to these Goodwork Holdings Purchase Orders.

Suggested Finding 28: Payments to Goodwork Holdings exceeded the approved value of Purchase Orders by \$1,024,117.23. There was no evidence that additional Purchase Orders were approved or raised in relation to this amount, and it is likely the payments did not comply with Shire Policy 2.6 - Purchase of Goods and Services.

Suggested Finding 29: The Shire of Wiluna CEO breached Section 5 (1)(e) of the *Local Government (Financial Management) Regulations 1996* by not ensuring proper authorisation for the payments of invoices to suppliers.

Suggested Finding 30: The Shire of Wiluna CEO breached Section 5 (2)(a) of the *Local Government (Financial Management) Regulations 1996* by not ensuring the payments of invoices to suppliers do not exceed the approved value of Purchase Orders.

Talis Consultants

- 1.7.32. We identified one (1) Purchase Order that was overpaid in relation to works associated with the WANDRRA grant.
- 1.7.33. This Purchase Order was approved and raised in relation to Talis Consultants in the amount of \$726,946.00.
- 1.7.34. Twenty-six (26) invoices were issued to the Shire from Talis Consultants for these Purchase Orders, resulting in EFT payments being made in the amount of \$856,805.06.
- 1.7.35. We identify an overpayment of \$129,859.06 in relation to these Talis Consultants Purchase Orders.

Suggested Finding 31: Payments to Talis Consultants exceeded the approved value of Purchase Orders by \$129,859.06. There was no evidence that additional Purchase Orders were approved or raised in relation to this amount, and it is likely the payments did not comply with Shire Policy 2.6 -Purchase of Goods and Services.

Suggested Finding 32: The Shire of Wiluna CEO breached Section 5 (1)(e) of the *Local Government (Financial Management) Regulations 1996* by not ensuring proper authorisation for the payments of invoices to suppliers.

Suggested Finding 33: The Shire of Wiluna CEO breached Section 5 (2)(a) of the *Local Government (Financial Management) Regulations 1996* by not ensuring the payments of invoices to suppliers do not exceed the approved value of Purchase Orders.

Greenfield Technical Services

- 1.7.36. We identified two (2) Purchase Orders that were overpaid in relation to works associated with the WANDRRA grant.
- 1.7.37. Purchase Orders were approved and raised in relation to Greenfield Technical Services in the amount of \$23,970.00.
- 1.7.38. Two (2) invoices were issued to the Shire from Greenfield Technical Services for these Purchase Orders, resulting in EFT payments being made in the amount of \$50,559.30.
- 1.7.39. We identify an overpayment of \$26,589.30 in relation to these Greenfield Technical Services Purchase Orders.

Suggested Finding 34: Payments to Greenfield Technical Services exceeded the approved value of Purchase Orders by \$26,589.30. There was no evidence that additional Purchase Orders were approved or raised in relation to this amount, and it is likely the payments did not comply with Shire Policy 2.6 - Purchase of Goods and Services.

Suggested Finding 35: The Shire of Wiluna CEO breached Section 5 (1)(e) of the *Local Government (Financial Management) Regulations 1996* by not ensuring proper authorisation for the payments of invoices to suppliers.

Suggested Finding 36: The Shire of Wiluna CEO breached Section 5 (2)(a) of the *Local Government (Financial Management) Regulations 1996* by not ensuring the payments of invoices to suppliers do not exceed the approved value of Purchase Orders.

Dean Contracting

- 1.7.40. We identified five (5) Purchase Orders that were overpaid in relation to works associated with the WANDRRA grant.
- 1.7.41. Purchase Orders were approved and raised in relation to Dean Contracting in the amount of \$2,260,584.58.
- 1.7.42. Twelve (12) invoices were issued to the Shire from Dean Contracting for these Purchase Orders, resulting in EFT payments being made to the value of \$2,414,556.67.
- 1.7.43. We identify an overpayment of \$153,972.09 in relation to these Dean Contracting Purchase Orders.

Suggested Finding 37: Payments to Dean Contracting exceeded the approved value of Purchase Orders by \$153,972.09. There was no evidence that additional Purchase Orders were approved or raised in relation to this amount, and it is likely the payments did not comply with Shire Policy 2.6 - Purchase of Goods and Services.

Suggested Finding 38: Total payments to creditors under the WANDRRA grant exceeded the approved value of Purchase Orders by \$1,334,537.68. It is identified that there is a systemic failure by Shire staff to adequately manage payments to creditors. This resulted in payments being made in excess of amounts approved and raised as Purchase Orders.

Suggested Finding 39: The Shire of Wiluna CEO breached Section 5 (1)(e) of the *Local Government (Financial Management) Regulations 1996* by not ensuring proper authorisation for the payments of invoices to suppliers.

Suggested Finding 40: The Shire of Wiluna CEO breached Section 5 (2)(a) of the *Local Government (Financial Management) Regulations 1996* by not ensuring the payments of invoices to suppliers do not exceed the approved value of Purchase Orders.

Unclaimed Invoices - WANDRRA Grant

1.7.44. Through examination of the Shire’s records, we identified two (2) invoices totalling \$109,688.70 that were invoiced in relation to works under the WANDRRA grant, however, these were not claimed from Main Roads by the Shire.

1.7.45. The table below shows the invoices that were eligible, but not claimed under the WANDRRA grant.

Table 10: Invoices Eligible but Not Claimed

Invoice No.	Invoice Date	Creditor	Amount
0429	14/02/2018	Greenfield Technical Services	\$1,320.00
101802	10/01/2019	Goodwork Holdings	\$108,368.70
TOTAL			\$109,688.70

Suggested Finding 41: The Shire of Wiluna failed to claim \$109,688.70 for works undertaken in relation to the WANDRRA grant.

Suggested Finding 42: The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

Suggested Finding 43: The Shire of Wiluna CEO breached Section 5 (1)(a) of the *Local Government (Financial Management) Regulations 1996* by not claiming eligible invoices under the WANDRRA Grant.

Variance between Payment to Creditor and Amount Claimed - WANDRRA Grant

1.7.46. We identified one (1) instance in which the payment to a creditor varied in the amount claimed under the WANDRRA grant for the same invoice.

1.7.47. We identified two versions of Talis Consultants Invoice 18536 for different amounts.

1.7.48. Both copies of the duplicate invoice were dated 28 April 2019 and both were in relation to the work - “*Provision of Consultancy Services for the period ending 28 April 2019*”. The dollar value differs between the duplicated invoices.

1.7.49. The first version of Invoice 18536 was paid to Talis Consultants to the value of \$11,216.63 (excl. GST).

1.7.50. The second version of Invoice 18536 was submitted in Claim 20 of the WANDRRA grant to Main Roads to the value of \$9,526.32 (excl. GST).

1.7.51. The Shire claimed \$1,690.31 (excl. GST) less than they paid Talis Consultants in relation to the same invoice. The variance represents an out-of-pocket expense incurred by the Shire.

1.7.52. Explanations provided by Shire staff did not provide any reason for a duplication of the same invoice.

Suggested Finding 44: As the Shire paid the higher invoice amount of \$11,216.63 (ex-GST) to Talis Consultants, the Shire of Wiluna failed to claim \$1,690.31 for works undertaken in relation to the WANDRRA grant from Main Roads.

Suggested Finding 45: The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

Suggested Finding 46: The Shire of Wiluna CEO breached Section 5 (1)(e) of the *Local Government (Financial Management) Regulations 1996* by not ensuring proper authorisation for the payments of invoices to suppliers.

Resource Summary Sheets - WANDRRA Grant

- 1.7.53. Resource Summary Sheets are attached to creditor invoices to outline machinery hours worked for each day.
- 1.7.54. One hundred and seventy (170) invoices with attached Resource Summary Sheets (RSS) were identified in Shire records.
- 1.7.55. We identified one (1) instance of a machine that was invoiced on two different Goodwork Holdings RSS on the same date.
- 1.7.56. RSS 0296 (Invoice 101729) identifies that Goodwork Holdings invoiced the Shire of Wiluna for 9 working hours in relation to machine 'Semi-Tanker TT-04' at Albion Downs Road on 5 September 2018.
- 1.7.57. RSS 0298 (Invoice 101730) identifies that Goodwork Holdings invoiced the Shire of Wiluna for 10.5 working hours in relation to machine 'Semi-Tanker TT-04' at Meekatharra-Yeelirrie Road on 5 September 2018.
- 1.7.58. This machine was invoiced for 19.5 working hours on 5 September 2018 in relation to two different locations.
- 1.7.59. It was identified that the maximum time invoiced for any other machine on 5 September 2018 was 10.5 hours.

Suggested Finding 47: It is likely that the payments made to Goodwork Holdings did not comply with Shire Policy 2.16 - Payment of Accounts.

Suggested Finding 48: The Shire of Wiluna CEO breached Section 5 (1)(e) of the *Local Government (Financial Management) Regulations 1996* by not ensuring proper authorisation for the payments of invoices to suppliers.

Modifying of Purchase Order Values - WANDRRA Grant

- 1.7.60. We examined the audit trail of WANDRRA Purchase Orders within the SynergySoft system to identify any modifications made to Purchase Order values by Shire staff.
- 1.7.61. For the period 14 June 2018 through to 30 June 2020, five (5) Purchase Orders were modified by Shire staff in SynergySoft after an invoice, or invoices, had been received by the Shire.

Dean Contracting

- 1.7.62. We identified three (3) Dean Contracting Purchase Orders in which values were increased by \$139,549.18 after an invoice, or invoices, were received by the Shire.

1.7.63. The audit trail in SynergySoft details the series of events for the following Purchase Orders:

Purchase Order 4140 (PO 4140)

1. On 14 June 2018, Shire of Wiluna 'Manager of Finance' raised PO 4140 with a value of \$147,151.84. This is the correct amount as stated on PO 4140.
2. On 9 April 2019, Shire of Wiluna received an invoice for PO 4140 to the value of \$168,960.00:
 - Invoice 0421.
3. On 7 May 2020, Shire of Wiluna 'Senior Finance Officer 2' increased PO 4140 by \$21,808.16 to \$168,960.00 in SynergySoft.

Purchase Order 4145 (PO 4145)

1. On 14 June 2018, Shire of Wiluna 'Manager of Finance' raised PO 4145 with a value of \$582,670.09. This is the correct amount as stated on PO 4145.
2. On 31 January 2019, Shire of Wiluna received three (3) invoices for PO 4145 with a combined value of \$689,920.00:
 - Invoice 0406;
 - Invoice 0407; and
 - Invoice 0408.
3. On 18 March 2019, Shire of Wiluna 'Senior Finance Officer' increased PO 4145 by \$107,249.91 to \$689,920.00 in SynergySoft.

Purchase Order 4146 (PO 4146)

1. On 14 June 2018, Shire of Wiluna 'Manager of Finance' raised PO 4146 with a value of \$59,908.89. This is the correct amount as stated on PO 4146.
2. On 9 April 2019, Shire of Wiluna received an invoice for PO 4146 to the value of \$70,400.00:
 - Invoice 0424.
3. On 24 April 2019, Shire of Wiluna 'Senior Finance Officer 2' increased PO 4146 by \$10,491.11 to \$70,400.00 in SynergySoft.

Suggested Finding 49: The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

Goodwork Holdings

1.7.64. We identified two (2) Goodwork Holdings Purchase Orders in which values were increased by \$484,698.89 after an invoice, or invoices, were received by the Shire.

1.7.65. The audit trail in SynergySoft details the chain of events for the following Purchase Orders:

Purchase Order 4126 (PO 4126)

1. On 14 June 2018, Shire of Wiluna 'Manager of Finance' raised PO 4126 with a value of \$10,299.48. This is the correct amount as stated on PO 4126.
2. Between 27 June 2018 and 27 July 2018, the Shire of Wiluna received two (2) invoices for PO 4126 with a combined value of \$24,253.79:
 - Invoice 101678; and
 - Invoice 101692.
3. On 30 May 2019, 'Senior Finance Officer 2' increased PO 4126 by \$8,335.52 to \$18,635.00 in SynergySoft.

Purchase Order 4129 (PO 4129)

1. On 14 June 2018, Shire of Wiluna 'Manager of Finance' raised PO 4129 with a value of \$475,611.83. This is the correct amount as stated on PO 4129.
2. Between 1 November 2018 and 7 January 2019, the Shire of Wiluna received seven (7) invoices for PO 4129 with a combined value of \$951,975.20:
 - Invoice 101763;
 - Invoice 101766;
 - Invoice 101768;
 - Invoice 101775;
 - Invoice 101787;
 - Invoice 101789; and
 - Invoice 101796.
3. On 30 May 2019, Shire of Wiluna 'Senior Finance Officer 2' increased PO 4129 by \$476,363.37 to \$951,975.00 in SynergySoft.

Suggested Finding 50: It is likely that the modifications made to Purchase Order values by Shire staff did not comply with Shire Policy 2.6 - Purchase of Goods and Services.

Suggested Finding 51: It is likely that the payment of the above invoices did not comply with Shire Policy 2.16 - Payment of Accounts.

Purchase Orders Raised After Work Completed - WANDRRA Grant

- 1.7.66. For the period 30 June 2017 through to 30 November 2019, three (3) Purchase Orders totalling \$62,189.05 were raised by Shire staff after work had been completed by creditors.

Goodwork Holdings

Purchase Order 3545 (PO 3545)

1. Invoice 101564 for \$8,802.75 was issued to the Shire dated 2 November 2017 for work performed 21 October 2017 through to 29 October 2017.
2. As per Shire records, the invoice was received on 29 November 2017.
3. PO 3545 for \$15,100 was raised by Shire staff on 9 November 2017, after the work had been completed by Goodwork Holdings.

Purchase Order 4124 (PO 4124)

1. Invoice 101673 for \$38,650.70 was issued to the Shire dated 11 June 2018 for work performed 31 May 2018 through to 4 June 2018.
2. As per Shire records, the invoice was received 21 June 2018.
3. PO 4124 for \$38,650.70 was raised by Shire staff on 14 June 2018, after the work had been completed by Goodwork Holdings.

Purchase Order 4127 (PO 4127)

1. Invoice 101672 for \$14,375.60 was issued to the Shire dated 11 June 2018 for work performed 26 May 2018 through to 30 May 2018.
2. As per Shire records, the invoice was received on 21 June 2018.
3. PO 4127 for \$14,735.60 was raised by Shire staff on 14 June 2018, after the work had been completed by Goodwork Holdings.

Suggested Finding 52: It is likely that raising Purchase Orders after work had been completed did not comply with Shire Policy 2.6 - Purchase of Goods and Services.

Suggested Finding 53: The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

Suggested Finding 54: The Shire of Wiluna CEO breached Section 5 (2)(c) of the *Local Government (Financial Management) Regulations 1996* by not undertaking regular review of the appropriateness and effectiveness of the process of raising a Purchase Order.

1.8. Non-WANDRRA Grant

- 1.8.1. The examination of non-WANDRRA Purchase Orders (POs) and invoices is limited to the period 7 July 2017 through to 10 June 2020.
- 1.8.2. Additional work was undertaken to examine remaining invoices and payments to the following creditors:
- Dean Contracting;
 - Goodwork Holdings;
 - Greenfield Technical Services; and
 - Talis Consultants.
- 1.8.3. We identified and examined one hundred and seven (107) Purchase Orders totalling \$4,487,807.57 raised in relation to other works completed for the period 21 March 2017 through to 10 June 2020.
- 1.8.4. We identified and examined an additional one hundred and ninety-three (193) invoices and EFT payments totalling \$4,572,600.00 in relation to those Purchase Orders for the period 21 March 2017 through to 10 June 2020.
- 1.8.5. We identified one (1) invoice that was paid twice in the amount of \$8,921.00. (Refer to Section 1.8.18)
- 1.8.6. One hundred and eighteen (118) EFT payments totalling \$2,410,532.09 were verified against bank records provided by the Shire for the period 21 March 2017 through to 30 June 2019.
- 1.8.7. Due to the Shire not retaining records, seventy-five (75) EFT payments totalling \$2,162,067.91 could not be verified against bank records for the period 1 July 2019 through to 10 June 2020.
- 1.8.8. The table below outlines the invoices and EFT payments examined for the period 21 March 2017 through to 10 June 2020 in relation to other works undertaken.

Table 11: Payments to Creditors - Non-WANDRRA Works

Creditor	No. of Purchase Orders	No. of Invoices	Amount Paid
Dean Contracting	4	7	\$2,381,484.80
Goodwork Holdings	75	120	\$1,639,195.81
Greenfield Technical Services	27	65	\$546,853.89
Talis Consultants	1	1	\$5,065.50
TOTAL	107	193	\$4,572,600.00

Payments Exceeding Purchase Orders - Non-WANDRRA Grant

- 1.8.9. It has been identified that payments made to two (2) suppliers in the amount of \$1,336,686.15 exceeded original Purchase Order amounts of \$736,309.10.
- 1.8.10. Overpayments to Goodwork Holdings and Greenfield Technical Services totalling \$600,377.05 were identified in relation to twenty-eight (28) Purchase Orders for the period 21 March 2017 through to 13 September 2019.
- 1.8.11. The table below shows the value of overpayments on Purchase Orders in relation to works not associated with the WANDRRA grant.

Table 12: Value of Payments Exceeding Purchase Orders - Non-WANDRRA Grant

Purchase Order No.	Creditor	PO Value	Sum of Invoices	Variance
3272	Goodwork Holdings	\$20,000.00	\$31,028.80	-\$11,028.80
3313	Goodwork Holdings	\$17,500.00	\$19,771.40	-\$2,271.40
3322	Greenfield Technical Services	\$16,335.00	\$22,660.00	-\$6,325.00
3366	Goodwork Holdings	\$17,200.00	\$23,169.30	-\$5,969.30
3443	Greenfield Technical Services	\$4,200.00	\$11,109.50	-\$6,909.50
3460	Goodwork Holdings	\$32,340.00	\$42,442.40	-\$10,102.40
3527	Greenfield Technical Services	\$440.00	\$577.50	-\$137.50
3550	Goodwork Holdings	\$32,375.00	\$128,903.50	-\$96,528.50
3596	Goodwork Holdings	\$45,500.00	\$78,234.20	-\$32,734.20
3663	Greenfield Technical Services	\$3,520.00	\$6,248.00	-\$2,728.00
3773	Greenfield Technical Services	\$800.00	\$3,283.50	-\$2,483.50
3893	Greenfield Technical Services	\$1,122.00	\$1,200.00	-\$78.00
4003	Goodwork Holdings	\$144,375.00	\$302,321.25	-\$157,946.25
4417	Greenfield Technical Services	\$111,000.00	\$212,985.09	-\$101,985.09
4456	Goodwork Holdings	\$3,500.00	\$4,235.00	-\$735.00
4670	Goodwork Holdings	\$8,750.00	\$22,330.00	-\$13,580.00
4713	Goodwork Holdings	\$17,500.00	\$41,580.00	-\$24,080.00
4814	Goodwork Holdings	\$17,325.00	\$31,377.50	-\$14,052.50
4839	Goodwork Holdings	\$30,800.00	\$39,558.75	-\$8,758.75
4890	Goodwork Holdings	\$35,805.00	\$56,980.00	-\$21,175.00
5263	Greenfield Technical Services	\$110,896.50	\$156,801.81	-\$45,905.31

5608	Goodwork Holdings	\$2,114.25	\$2,114.75	-\$0.50
5653	Greenfield Technical Services	\$9,350.00	\$13,604.80	-\$4,254.80
5690	Goodwork Holdings	\$982.45	\$982.47	-\$0.02
5745	Goodwork Holdings	\$1,571.92	\$1,571.94	-\$0.02
5746	Goodwork Holdings	\$12,968.34	\$12,968.54	-\$0.20
5790	Greenfield Technical Services	\$30,965.00	\$61,572.40	-\$30,607.40
5840	Goodwork Holdings	\$7,073.64	\$7,073.75	-\$0.11
TOTAL		\$736,309.10	\$1,336,686.15	-\$600,377.05

Goodwork Holdings

- 1.8.12. We identified eighteen (18) Purchase Orders that were overpaid in relation to works not associated with the WANDRRA grant for the period 31 March 2017 through to 4 March 2020.
- 1.8.13. Purchase Orders were approved and raised in relation to Goodwork Holdings in the amount of \$447,680.60.
- 1.8.14. Fifty (50) invoices were issued to the Shire from Goodwork Holdings for these Purchase Orders, resulting in EFT payments made in the amount of \$846,643.55.

Suggested Finding 55: Payments to Goodwork Holdings exceeded the approved value of Purchase Orders by \$398,962.95. There was no evidence that additional Purchase Orders were approved or raised in relation to the Goodwork Holdings invoices, and it is likely the payments did not comply with Shire Policy 2.6 - Purchase of Goods and Services.

Suggested Finding 56: The Shire of Wiluna CEO breached Section 5 (2)(a) of the *Local Government (Financial Management) Regulations 1996* by not ensuring the payments of invoices to suppliers do not exceed the approved value of Purchase Orders.

Greenfield Technical Services

- 1.8.15. We identified ten (10) Purchase Orders that were overpaid in relation to works not associated with the WANDRRA grant for the period 31 March 2017 through to 4 March 2020.
- 1.8.16. Purchase Orders were approved and raised in relation to Greenfield Technical Services in the amount of \$288,628.50.
- 1.8.17. Forty-six (46) invoices were issued to the Shire from Greenfield Technical Services for these Purchase Orders, resulting in EFT payments made in the amount of \$490,042.60.

Suggested Finding 57: Payments to Greenfield Technical Services exceeded the approved value of Purchase Orders by \$201,414.10. There was no evidence that additional Purchase Orders were approved or raised in relation to the Greenfield Technical Services invoices, and it is likely the payments did not comply with Shire Policy 2.6 - Purchase of Goods and Services.

Suggested Finding 58: The Shire of Wiluna CEO breached Section 5 (2)(a) of the *Local Government (Financial Management) Regulations 1996* by not ensuring the payments of invoices to suppliers do not exceed the approved value of Purchase Orders.

Invoice Paid on Two Occasions - Non-WANDRRA Grant

- 1.8.18. We identified one (1) instance of the same invoice being paid twice.
- 1.8.19. Greenfield Technical Services Invoice 1454 for \$8,921.00 was paid on two occasions.
- 1.8.20. Invoice 1454 was paid on 12 June 2020 as part of EFT 9047 in the amount of \$8,921.00 and Invoice 1454 was again paid on 30 June 2020 as part of EFT 9131 in the amount of \$8,921.00.

Suggested Finding 59: Greenfield Technical Services were overpaid by \$8,921.00 by the Shire. It is likely that the payment of the above invoice did not comply with Shire Policy 2.16 - Payment of Accounts.

Suggested Finding 60: The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

Modifying of Purchase Order Values - Non-WANDRRA Grant

- 1.8.21. We examined the audit trail of Purchase Orders within the SynergySoft system to identify any modifications made to values for these non-WANDRRA Purchase Orders by Shire staff.
- 1.8.22. For the period 14 June 2018 through to 30 June 2020, three (3) Purchase Orders were modified by Shire staff in SynergySoft after an invoice, or invoices, had been received by the Shire.

Goodwork Holdings

- 1.8.23. We identified three (3) Goodwork Holdings Purchase Orders in which their value was increased after an invoice, or invoices, were received by the Shire.
- 1.8.24. The audit trail in SynergySoft details the chain of events for the following Purchase Orders:

Purchase Order 4713 (PO 4713)

1. On 21 January 2019, Shire of Wiluna user 'EMTS' raised PO 4713 with a value of \$17,500.00. This is the correct amount as stated on PO 4713.
2. On 24 February 2019, Shire of Wiluna received an invoice from Goodwork Holdings in the amount of \$41,580.00:
 - Invoice 101815.
3. On 25 February 2019, Shire of Wiluna user 'EMTS' increased PO 4713 to \$37,800.00 in SynergySoft.

Purchase Order 4814 (PO 4814)

1. On 25 February 2019, Shire of Wiluna user 'EMTS' raised PO 4814 with a value of \$15,750.00. This is the correct amount as stated on PO 4814.
2. On 25 February 2019, Shire of Wiluna user 'EMTS' increased PO 4814 value to \$17,325.00;
3. On 4 May 2019, Shire of Wiluna received an invoice from Goodwork Holdings in the amount of \$31,377.50;
 - Invoice 101844.
4. On 16 May 2019, Shire of Wiluna user 'Reception' increased PO 4814 to \$31,377.50 in SynergySoft.

Purchase Order 4839 (PO 4839)

1. On 8 March 2019, Shire of Wiluna user 'EMTS' raised PO 4839 with a value of \$30,800.00. This is the correct amount as stated on PO 4839.
2. On 8 May 2019, Shire of Wiluna received an invoice from Goodwork Holdings in the amount of \$39,558.75:

- Invoice 101845.
3. 16 May 2019, Shire of Wiluna user 'Senior Finance Officer 2' increased PO 4839 to \$39,400.00 in SynergySoft.

Suggested Finding 61: The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

Suggested Finding 62: It is likely that the modifications made to Purchase Order values by Shire staff did not comply with Shire Policy 2.6 - Purchase of Goods and Services.

Purchase Orders Raised After Work Completed - Non-WANDRRA Grant

- 1.8.25. For the period 30 June 2017 through to 30 November 2019, four (4) Purchase Orders totalling \$45,573.40 were raised by Shire staff after the work had been completed by creditors.

Goodwork Holdings

Purchase Order 3125 (PO 3125)

1. Invoice 101489 for \$15,100.00 was issued to the Shire dated 30 June 2017;
2. As per Shire records, the invoice was received on 21 July 2017;
3. PO 3125 for \$15,100.00 was raised by Shire staff on 18 July 2017, after the work had been completed by Goodwork Holdings.

Purchase Order 3181 (PO 3181)

1. Invoice 101494 for \$26,393.40 was issued to the Shire dated 25 July 2017 for work performed 12 July 2017 through to 19 July 2017;
2. As per Shire records, the invoice was received on 25 July 2017;
3. PO 3181 for \$26,393.40 was raised by Shire staff on 27 July 2017, after the work had been completed and the invoice received from Goodwork Holdings.

Greenfield Technical Services

Purchase Order 3783 (PO 3783)

1. Invoice 0418 for \$880.00 was issued to the Shire dated 31 January 2018 for work performed 1 January 2018 through to 31 January 2018;
2. As per Shire records, the invoice was entered on 14 February 2018;
3. PO 3783 for \$880.00 was raised by Shire staff on 13 February 2018, after the work had been completed by Greenfield Technical Services.

Purchase Order 5495 (PO 5495)

1. Invoice 1257 for \$3,425.29 was issued to the Shire dated 31 October 2019 for work performed 27 October 2019 through to 28 October 2019;
2. As per Shire records, the invoice was received 6 November 2019;
3. PO 5495 for \$3,520.00 was raised by Shire staff on 5 November 2019, after the work had been completed by Greenfield Technical Services.

Suggested Finding 63: The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

Suggested Finding 64: It is likely that raising Purchase Orders after work had been completed did not comply with Shire Policy 2.6 - Purchase of Goods and Services.

1.9. Schedule of Findings

Record Keeping by the Shire

- 1.9.1. On multiple occasions, records, such as financial data, was not available and timestamps concluded that information was uploaded into Magiq by Shire staff only after we had requested it from the Shire.
- 1.9.2. We were provided with the Office of the Auditor General Audit Findings for the 2018/19 financial year in relation to the Shire. The document was dated 24 July 2020.
- 1.9.3. We identified that documentation in relation to bank reconciliations for the 2018/19 financial year was uploaded in the Magiq system on 5 August 2020, only after we had again requested the information.
- 1.9.4. The Shire of Wiluna breached section 78(1) of the State Records Act 2000 by not ensuring government records were being kept in accordance with the Shire's record keeping plan.
- 1.9.5. The Shire of Wiluna CEO breached section 6.5(b) of the Local Government Act 1995 by not keeping timely accounts and records that are ready for inspection at any time by persons.

Variations in relation to Grants received

- 1.9.6. On three (3) occasions, a variance has been identified in relation to amounts received in Shire bank accounts for Grants received and amounts presented in the Shire's 2018/19 audited financial statements.
- 1.9.7. The Shire of Wiluna CEO breached section 6.5(a) of the Local Government Act 1995 by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.
- 1.9.8. The Shire of Wiluna CEO breached Section 5(1)(d) of the Local Government (Financial Management) Regulation 1995 by not ensuring proper accounting for municipal accounts.

Variations in relation to Grant Acquittal Documentation and amounts shown in the Shire's

General Ledger

- 1.9.9. We identified four (4) general ledger accounts related to grants that vary to the acquittal documentation submitted to Main Roads by the Shire. These variances totalled \$262,012.81.
- 1.9.10. For 'Account 1C1210010 - Wongawol Road - Re-Sheeting,' the Shire submitted Acquittal documentation to Main Roads with a Final Total Project Cost of \$440,344.65. As per the Shire's General Ledger, the total project cost was \$488,557.47. This resulted in the Shire only receiving a grant in the amount of \$293,563.10, rather than \$325,704.98. This resulted in a shortfall of \$32,141.88 the Shire did not received from Main Roads.
- 1.9.11. The Shire of Wiluna CEO breached section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.
- 1.9.12. The Shire of Wiluna CEO breached section 5(1)(a) of the *Local Government (Financial Management) Regulations 1996* by not ensuring the proper collection of all money owing to the local government.
- 1.9.13. The Shire of Wiluna CEO breached section 5(2)(a) of the Local Government (Financial Management) Regulations 1996 by not ensuring eligible grants are fully claimed from Main Roads.
- 1.9.14. The Shire of Wiluna CEO breached section 5.41(h) of the Local Government Act 1995 by not ensuring that records and documents of the local government are properly kept.

Bank reconciliations not in a suitable format and reconciliations not checked in a timely manner

- 1.9.15. Bank reconciliations were not provided in a suitable format for the months October 2018 through to June 2019 for the Shire's ANZ Municipal Expense Account and were not properly reviewed on a monthly basis.
- 1.9.16. The Shire of Wiluna CEO breached section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.
- 1.9.17. The Shire of Wiluna CEO breached section 5.41(g) of the *Local Government Act 1995* by not ensuring supervision of the Shire's employees in relation to the preparation of the bank reconciliations.
- 1.9.18. The Shire of Wiluna CEO breached Section 5(1)(d) of the Local Government (Financial Management) Regulations 1996 by not ensuring proper accounting for the preparation of the bank reconciliations.

Purchasing Delegations

- 1.9.19. Amendments to delegation limits made by former CEO Mr Bastow were not presented or approved by Council in any Council minutes sighted.
- 1.9.20. Council minutes have been examined and a review of purchasing delegations at Council has not been undertaken for the following periods:
 - 1 July 2016 through to 30 June 2017; and
 - 1 July 2017 through to 30 June 2018.
- 1.9.21. The Shire of Wiluna CEO breached section 5.44(2) of the *Local Government Act 1995* by not ensuring delegations were in writing in relation to the increased purchasing limits as per his email dated 15 August 2019.
- 1.9.22. The Shire of Wiluna CEO breached section 5.46(2) of the *Local Government Act 1995* by not ensuring a register of delegations was reviewed at least once every financial year.
- 1.9.23. The Shire of Wiluna CEO breached section 5.41(b) of the *Local Government Act 1995* by not providing information to Council so that informed decisions could be made in relation to the increased delegation limits when the "Review of Delegations of Powers and Duties to the CEO" was discussed in the Council meeting on 24 June 2020.
- 1.9.24. If the increased and additional delegation limits were not presented and approved by Council, the Shire of Wiluna CEO breached section 5(2) of the *Local Government (Financial Management) Regulations 1996* by not ensuring the resources of the local government were effectively and efficiently managed, as Purchase Orders were regularly raised and payments authorised by unauthorised persons.

Acquittal of Invoices to Purchase Orders - WANDRRA Grant

- 1.9.25. We identified sixty-six (66) invoices for WANDRRA works totalling \$4,460,038.72, in relation to fourteen (14) Purchase Orders totalling \$8,588,819.17, that were not allocated against WANDRRA Purchase Orders in the Shire's SynergySoft system.
- 1.9.26. The Shire of Wiluna CEO breached section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.
- 1.9.27. The Shire of Wiluna CEO breached section 5(1)(d) of the *Local Government (Financial Management) Regulations 1996* by not ensuring the proper accounting for expenses paid or payable.

1.9.28. The Shire of Wiluna CEO breached section 5(1)(e) of the *Local Government (Financial Management) Regulations 1996* by not ensuring the proper authorisations for the incurring of liabilities and the making of payments.

1.9.29. The Shire of Wiluna CEO breached Section 5.41(h) of the *Local Government Act 1995* by not ensuring that proper accounts and records of the transactions and affairs of the local government are kept.

Invoices Incorrectly Acquitted to Purchase Orders - WANDRRA Grant

1.9.30. We identified two (2) Goodwork Holdings invoices totalling \$50,179.80 that had portions of the invoices, amounting to \$8,571.75, that were in relation to WANDRRA works but were allocated to non-WANDRRA Purchase Orders in SynergySoft.

1.9.31. The Shire of Wiluna CEO breached section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

1.9.32. The Shire of Wiluna CEO breached section 5.41(h) of the *Local Government Act 1995* by not ensuring that records and documents of the local government are properly kept.

1.9.33. The Shire of Wiluna CEO breached section 5(1)(d) of the *Local Government (Financial Management) Regulations 1996* by not ensuring the proper accounting for expenses paid or payable.

Overpayments on Purchase Orders - WANDRRA Grant

1.9.34. Total payments to creditors under the WANDRRA grant exceeded the approved value of Purchase Orders by \$1,334,537.68. There was no evidence that additional Purchase Orders were approved or raised in relation to this amount, and it is likely the payments did not comply with Shire Policy 2.6 - Purchase of Goods and Services. It is identified that there is a systemic failure by Shire staff to adequately manage payments to creditors. This resulted in the following payments being made to suppliers in excess of amounts approved and raised as per the Purchase Order:

- Goodwork Holdings exceeded by \$1,024,117.23;
- Talis Consultants exceeded by \$129,859.06;
- Greenfield Technical Services exceeded by \$26,589.30; and
- Dean Contracting exceeded by \$153,972.09.

1.9.35. The Shire of Wiluna CEO breached Section 5 (1)(e) of the *Local Government (Financial Management) Regulations 1996* by not ensuring proper authorisation for the payments of invoices to suppliers.

1.9.36. The Shire of Wiluna CEO breached Section 5 (2)(a) of the *Local Government (Financial Management) Regulations 1996* by not ensuring the payments of invoices to suppliers do not exceed the approved value of Purchase Orders.

Invoices not claimed under the WANDRRA Grant from Main Roads

1.9.37. We identified two (2) invoices totalling \$109,688.70 that were invoiced in relation to works under the WANDRRA grant, however, the Shire of Wiluna failed to claim \$109,688.70 for works undertaken in relation to the WANDRRA grant from Main Roads.

1.9.38. The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

1.9.39. The Shire of Wiluna CEO breached Section 5 (1)(a) of the *Local Government (Financial Management) Regulations 1996* by not claiming eligible invoices under the WANDRRA Grant.

Variance between Payment to Creditor and Amount Claimed - WANDRRA Grant

- 1.9.40. We identified two versions of Talis Consultants Invoice 18536. The first version with the value of \$11,216.63 and the second version with the value of 9,526.32. The Shire paid the invoice in the amount of \$11,216.63 to Talis Consultants, but submitted in Claim 20 of the WANDRRA grant to Main Roads to, the value of \$9,526.32. This resulted in the Shire of Wiluna failing to claim \$1,690.31 for works undertaken in relation to the WANDRRA grant from Main Roads.
- 1.9.41. The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.
- 1.9.42. The Shire of Wiluna CEO breached Section 5 (1)(e) of the *Local Government (Financial Management) Regulations 1996* by not ensuring proper authorisation for the payments of invoices to suppliers.

Machinery Hours Worked Exceeded Limit - WANDRRA Grant

- 1.9.43. We identified two Resource Summary Sheets - RSS 0296 (Invoice 101729) and RSS 0298 (Invoice 101730) - that were invoiced by Goodwork Holdings to the Shire of Wiluna in relation to one (1) machine 'Semi-Tanker TT-04' on 5 September 2018. This machine was invoiced for 19.5 working hours in relation to two different locations - Albion Downs Road and Meekatharra-Yeelirrie Road - on the same date.
- 1.9.44. It was identified that the maximum time invoiced for any other machine on 5 September 2018 was 10.5 hours.
- 1.9.45. It is likely that the payments made to Goodwork Holdings did not comply with Shire Policy 2.16 - Payment of Accounts.
- 1.9.46. The Shire of Wiluna CEO breached Section 5 (1)(e) of the *Local Government (Financial Management) Regulations 1996* by not ensuring proper authorisation for the payments of invoices to suppliers.

Modified Purchase Order Values - WANDRRA Grant

- 1.9.47. We identified three (3) Dean Contracting Purchase Orders in which values were increased by \$139,549.18 after an invoice, or invoices, were received by the Shire.
- 1.9.48. We identified two (2) Goodwork Holdings Purchase Orders in which values were increased by \$484,698.89 after an invoice, or invoices, were received by the Shire.
- 1.9.49. It is likely that the modifications made to Purchase Order values by Shire staff did not comply with Shire Policy 2.6 - Purchase of Goods and Services.
- 1.9.50. It is likely that the payment of the above invoices did not comply with Shire Policy 2.16 - Payment of Accounts.
- 1.9.51. The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

Purchase Orders Raised after Work Completed - WANDRRA Grant

- 1.9.52. For the period 30 June 2017 through to 30 November 2019, three (3) Purchase Orders totalling \$62,189.05 were raised by Shire staff, after work had been completed by creditors.
- 1.9.53. It is likely that raising Purchase Orders after work had been completed did not comply with Shire Policy 2.6 - Purchase of Goods and Services.

1.9.54. The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

1.9.55. The Shire of Wiluna CEO breached Section 5 (2)(c) of the *Local Government (Financial Management) Regulations 1996* by not undertaking regular review of the appropriateness and effectiveness of the process of raising a Purchase Order.

Overpayments on Purchase Orders - Non-WANDRRA Grant

1.9.56. We identified that payments made to two (2) suppliers in the amount of \$1,336,686.15 exceeded original the approved Purchase Order amounts totalling \$736,309.10.

1.9.57. Overpayments to Goodwork Holdings and Greenfield Technical Services totalling \$600,377.05 were identified in relation to twenty-eight (28) Purchase Orders for the period 21 March 2017 through to 13 September 2019.

1.9.58. Payments to Goodwork Holdings exceeded the approved value of Purchase Orders by \$398,962.95. There was no evidence that additional Purchase Orders were approved or raised in relation to the Goodwork Holdings invoices, and it is likely the payments did not comply with Shire Policy 2.6 - Purchase of Goods and Services.

1.9.59. Payments to Greenfield Technical Services exceeded the approved value of Purchase Orders by \$201,414.10. There was no evidence that additional Purchase Orders were approved or raised in relation to the Greenfield Technical Services invoices, and it is likely the payments did not comply with Shire Policy 2.6 - Purchase of Goods and Services.

1.9.60. The Shire of Wiluna CEO breached Section 5 (2)(a) of the *Local Government (Financial Management) Regulations 1996* by not ensuring the payments of invoices to suppliers do not exceed the approved value of Purchase Orders.

Duplicate Payment of Invoice - Non-WANDRRA Grant

1.9.61. We identified Greenfield Technical Services Invoice 1454 for \$8,921.00 was paid on two occasions.

1.9.62. It is likely that the payment of the above invoice did not comply with Shire Policy 2.16 - Payment of Accounts.

1.9.63. The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

Modified Purchase Order Values - Non-WANDRRA Grant

1.9.64. We identified three (3) Goodwork Holdings Purchase Orders in which their value was increased in the Shire's SynergySoft system after an invoice, or invoices, were received by the Shire.

1.9.65. It is likely that the modifications made to Purchase Order values by Shire staff did not comply with Shire Policy 2.6 - Purchase of Goods and Services.

1.9.66. The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

Purchase Orders Raised after Work Completed - Non-WANDRRA Grant

1.9.67. We identified two (2) Goodwork Holdings Purchase Orders and two (2) Greenfield Technical Services Purchase Orders totalling \$45,573.40 were raised by Shire staff after the work had been completed by creditors.

1.9.68. It is likely that raising Purchase Orders after work had been completed did not comply with Shire Policy 2.6 - Purchase of Goods and Services.

1.9.69. The Shire of Wiluna CEO breached Section 6.5(a) of the *Local Government Act 1995* by not ensuring that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

1.10. Schedule of Recommendations

Recommendation 1

We recommend that the CEO reviews and updates the Shire's Record Keeping Plan. The Council endorse the said plan and it be approved by the State Records Commission under section 19 of the State Records Act 2000.

Recommendation 2

We recommend the elected members and Shire staff undertake governance and accountability training, and any other such training, as determined as appropriate by the Director General.

Following completion of the training, the Shire CEO is to deliver to the Director General a comprehensive report to be endorsed by Council:

- a) Demonstrating the knowledge and understanding gained by the Shire from the training; and
- b) Outlining the steps taken by the Shire to implement such knowledge and understanding.

Recommendation 3

We recommend the CEO ensure that all accounting and/or finance staff are suitably qualified and have the appropriate training to perform their duties. The CEO ensure that all accounting staff have the appropriate training in relation to governance and accountability.

Recommendation 4

We recommend the CEO ensure that all Shire bank reconciliations are prepared correctly and in a timely manner, each month, and processes and procedures are implemented for the review of such bank reconciliations by suitably qualified accounting staff.

Recommendation 5

We recommend the CEO present to Council and have Council endorse the current Delegation Authorities issued to Shire employees and disclosure be made to Council each employee's delegation limits.

We recommend the CEO review and update the Register of Delegated Authority with all employee delegation limits stated within.

Recommendation 6

We recommend the CEO develop and implement policies and procedures to ensure Purchase Order amounts once entered, are not modified in the Shire's accounting systems, unless authorised by the CEO.

We recommend the CEO also ensure these policies and procedures to prevent Purchase Orders being raised by the Shire, after the work/services have already been performed and invoiced to the Shire.

We recommend the CEO to ensure proper employee supervision of the accounting of all Purchase Orders and acquittal processes and procedures.

We recommend suitably qualified accounting staff are employed and trained in relation to the policies and procedures for the accounting of Purchase Orders and the relevant acquittal processes.

Recommendation 7

We recommend the CEO determine if it is possible to seek reimbursement of payments made in excess of the approved Purchase Orders, totalling \$1,334,537.68, for works in relation to the WANDRRA grant.

The CEO to develop and implement policies and procedures to ensure the matching of approved Purchase Order amounts against invoices received.

Recommendation 8

We recommend the CEO to determine if it is possible to claim the \$109,688.70 (including GST) that was invoiced to and paid by the Shire, but not claimed from Main Roads, in relation to works under the WANDRRA grant.

The CEO to develop and implement policies and procedures to record and account for all future Grants received and the acquittals of all such Grants.

Recommendation 9

We recommend the CEO to determine if it is possible to claim the additional \$1,690.31 that was invoiced by Talis Consultants and paid by the Shire, but was not claimed from Main Roads, in relation to works under the WANDRRA grant.

The CEO to ensure proper employee supervision of the accounting of all acquittal processes and procedures.

Recommendation 10

We recommend the CEO determine if it is possible to seek reimbursement of payments made in excess of the approved Purchase Orders, totalling \$600,377.05, in relation to works not associated with the WANDRRA Grant for the two (2) suppliers, Goodwork Holdings and Greenfield Technical Services.

Recommendation 11

We recommend the CEO seek reimbursement from Greenfield Technical Services in the amount of \$8,921.00 for invoice 1454 that was paid twice by the Shire.

We recommend the CEO develop and implement policies and procedures to ensure the matching of payments to outstanding invoices.

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