

From: Brendan Peyton [REDACTED]
Sent: Wednesday, 1 December 2021 11:07 AM
To: DLGSC Act Review
Subject: Reform of Annual Financial Interest Provisions

Integrity Management Solutions is a software company that specialises in providing compliance software to WA local governments. Presently we have approximately 25% of WA local governments using our software to manage their compliance responsibilities.

During this time a number of difficulties with the legislation have been highlighted by our approach of replacing manual systems with more efficient technological solutions. One of the benefits of our Returns Module is that it identifies drawbacks in the legislation when operating in a practical environment, that most likely would be missed by a manual process. The following are examples of common problems that are repeatedly brought to our attention about the Annual Returns provisions under the Local Government Act 1995.

The Act stipulates Annual Returns (ARs) are to be submitted by 31 August in the year of the reporting period. As the reporting period ends on the 30 June, the Department has provided guidelines that confirm to encapsulate the full reporting period to 30 June, ARs should not be submitted prior to 1 July. Whilst this process satisfies most situations we are getting a growing number of enquiries from local governments about what to do with collecting ARs from relevant employees who leave the organisation prior to 30 June. Presently, in accordance with the legislation our software does not provide an option to submit an AR prior to 1 July. However, it does accurately identify that an AR is required from a relevant officer, even if they have left the organisation prior to 30 June. In these circumstances we are asked to provide a solution to submitting an AR prior to 1 July (as this is not possible with our software). Unfortunately we cannot assist and can only advise that the local government contact the DLGSC. We have witnessed much confusion with some local governments believing there is no requirement to collect Returns from employees that have left prior 30 June, others completing a paper form on departure and submitting it officially after 1 July, and others just ignoring any AR from officers who left prior to 30 June. Failure to submit a return is a serious offence and this is not ideal for good governance.

We raise for your consideration a possible amendment to the legislation that deals with what is a relatively common occurrence. If an amendment could be introduced that provides the option for a local government officer who is permanently leaving the organisation to submit a AR from the beginning of the reporting period to the last day of office. You will be aware the AASB124 Standard for Related Party Disclosures includes such a provision which in our experience works well. We believe this would be a common sense approach to resolving this issue.

Another common issue that is related to the restriction on submitting ARs is the lack of any provisions for mistakes, errors or amendments to be disclosed once an AR form has been submitted and the disclosure period closes on 31 August. Although not common, we have had requests for guidance on how a person who discovered an error (after 31 August) could update their AR to include additional information. Again our software 'locks' a form once it is submitted and no edit is possible. A possible workaround is the ability to delete a submitted form and submit a new one with the corrected data, but this is only an option if the error is discovered prior to 31 August (after which an offence applies to late submission).

We ask that the ability to submit an 'amendment return' is introduced. We envisage this can be submitted when a relevant person becomes aware they have failed to disclose required information. To prevent abuse perhaps a time limit of say 10 days from when they became aware of the new information. This may not prevent a person breaching the Act for non-disclosure but provides an avenue for honest mistakes to be corrected.

Alternatively, a similar process to the Eastern States in which a return is required to be submitted within 10 days of the relevant person becoming aware of information that should be disclosed in a Return. In other words the Return can be immediately updated with timely information and perhaps also maintain a yearly declaration that it's up to date. One advantage to this is the Return only needs updating when new information/circumstances arise.

We are in the fortunate position of receiving extremely valuable feedback from our clients who work almost exclusively at an operational level. We hope you find this information of some value.

Kind regards

Brendan Peyton



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