Shire of Kellerberrin
Life as rich as the landscape

MINUTES

Audit Committee Meeting
Tuesday, 15 September 2026

Date: Tuesday, 15 September 2026

Time: 1.00pm

Location: Council Chamber
110 Massingham Street
Kellerberrin WA 6410

Order Of Business

1 Declaration of Opening **3**

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MINUTES OF SHIRE OF KELLERBERRIN
AUDIT COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER, 110 MASSINGHAM STREET, KELLERBERRIN WA 6410
ON TUESDAY, 15 SEPTEMBER 2026 AT 1.00PM

1 DECLARATION OF OPENING

The Chairperson declared the meeting open 1:00pm

2 RECORD OF ATTENDANCE / APOLOGIES

PRESENT:

Independent Member Michelle McDonnell (Chairperson)

Cr Matt Steber (President)

Cr Emily Ryan (Deputy President)

Cr David Leake

Cr Dennis Reid

Cr Monica Gardiner

Cr Kelsey Pryer

Cr Paul Brown

IN ATTENDANCE:

Raymond Griffiths (Chief Executive Officer)

Morgan Ware (Manager of Governance)

APOLOGIES

Independent Member Clare Leake (Deputy Chairperson)

3 DISCLOSURE OF INTEREST

Note: Under Section 5.60 – 5.62 of the Local Government Act 1995, care should be exercised by all Councillors to ensure that a “financial interest” is declared and that they refrain from voting on any matters which are considered may come within the ambit of the Act.

A Member declaring a financial interest must leave the meeting prior to the matter being discussed or voted on (unless the members entitled to vote resolved to allow the member to be present). The member is not to take part whatsoever in the proceedings if allowed to stay.

4 PUBLIC QUESTION TIME

Council conducts open Council meetings. Members of the public are asked that if they wish to address the Council that they state their name and put the question as precisely as possible. A maximum of 15 minutes is allocated for public question time. The length of time an individual can speak will be determined at the President’s discretion.

5 CONFIRMATION OF PREVIOUS MEETING MINUTES

5.1 MINUTES OF THE AUDIT, RISK & IMPROVEMENT COMMITTEE MEETING HELD ON 16 JUNE 2026

File Ref: **MIN**

Author: **Shaan Wood, Executive Assistant**

Authoriser: **Raymond Griffiths, Chief Executive Officer**

Attachments: **1. Minutes of the Audit, Risk & Improvement Committee Meeting held on 16 June 2026**

STAFF RECOMMENDATION

That the Minutes of the Audit, Risk & Improvement Committee Meeting held on 16 June 2026 be received as a true and correct record of the meeting.

COMMITTEE RESOLUTION

MIN 011/26 MOTION - Moved Cr. Steber Seconded Cr. Pryer

That the Minutes of the Audit, Risk & Improvement Committee Meeting held on 16 June 2026 be received as a true and correct record of the meeting.

In Favour: Crs David Leake, Dennis Reid, Matt Steber, Emily Ryan, Monica Gardiner, Kelsey Pryer, Paul Brown and Michelle McDonnell

Against: Nil

CARRIED 8/0

6 REPORTS

6.1 STATUS REPORT OF ACTION SHEET

File Number: **Various**

Author: **Morgan Ware, Manager of Governance**

Authoriser: **Raymond Griffiths, Chief Executive Officer**

Attachments: **1. Status Report of Action Sheet September 2026**

BACKGROUND

Council as part of its compliance is required to complete a Status Report for items presented to the Audit Committee.

STAFF COMMENT

Attached is the updated Status Report for items that have been presented to the audit committee for consideration.

TEN YEAR FINANCIAL PLAN

There is no direct impact on the long term financial plan.

FINANCIAL IMPLICATIONS

Financial Implications will be applicable depending on the decision of Council. However this will be duly noted in the Agenda Item prepared for this specific action.

STATUTORY IMPLICATIONS

Local Government Act 1995 (as amended)

Section 2.7. The role of the council

(1) The council —
- (a) Directs and controls the local government's affairs; and
- (b) is responsible for the performance of the local government's functions.

(2) Without limiting subsection (1), the council is to —
- (a) oversee the allocation of the local government's finances and resources; and
- (b) determine the local government's policies.

Section 2.8. The role of the mayor or president

(1) The mayor or president —
- (a) presides at meetings in accordance with this Act;
- (b) provides leadership and guidance to the community in the district;
- (c) carries out civic and ceremonial duties on behalf of the local government;
- (d) speaks on behalf of the local government;
- (e) performs such other functions as are given to the mayor or president by this Act or any other written law; and
- (f) liaises with the CEO on the local government's affairs and the performance of its functions.

(2) Section 2.10 applies to a councillor who is also the mayor or president and extends to a mayor or president who is not a councillor.

Section 2.9. The role of the deputy mayor or deputy president

The deputy mayor or deputy president performs the functions of the mayor or president when authorised to do so under section 5.34.

Section 2.10. The role of councillors

A councillor —

(a) represents the interests of electors, ratepayers and residents of the district;

(b) provides leadership and guidance to the community in the district;

(c) facilitates communication between the community and the council;

(d) participates in the local government's decision-making processes at council and committee meetings; and

(e) performs such other functions as are given to a councillor by this Act or any other written law.

5.60. When person has an interest

For the purposes of this Subdivision, a relevant person has an interest in a matter if either —

(a) the relevant person; or

(b) a person with whom the relevant person is closely associated,

has —

(c) a direct or indirect financial interest in the matter; or

(d) a proximity interest in the matter.

[Section 5.60 inserted by No. 64 of 1998 s. 30.]

5.60A. Financial interest

For the purposes of this Subdivision, a person has a financial interest in a matter if it is reasonable to expect that the matter will, if dealt with by the local government, or an employee or committee of the local government or member of the council of the local government, in a particular way, result in a financial gain, loss, benefit or detriment for the person.

[Section 5.60A inserted by No. 64 of 1998 s. 30; amended by No. 49 of 2004 s. 50.]

5.60B. Proximity interest

(1) For the purposes of this Subdivision, a person has a proximity interest in a matter if the matter concerns —

(a) a proposed change to a planning scheme affecting land that adjoins the person's land;

(b) a proposed change to the zoning or use of land that adjoins the person's land; or

(c) a proposed development (as defined in section 5.63(5)) of land that adjoins the person's land.

(2) In this section, land (**the proposal land**) adjoins a person's land if —

(a) the proposal land, not being a thoroughfare, has a common boundary with the person's land;

(b) the proposal land, or any part of it, is directly across a thoroughfare from, the person's land; or

(c) the proposal land is that part of a thoroughfare that has a common boundary with the person's land.

(3) In this section a reference to a person's land is a reference to any land owned by the person or in which the person has any estate or interest.

[Section 5.60B inserted by No. 64 of 1998 s. 30.]

5.61. Indirect financial interests

A reference in this Subdivision to an indirect financial interest of a person in a matter includes a reference to a financial relationship between that person and another person who requires a local government decision in relation to the matter.

5.62. Closely associated persons

(1) For the purposes of this Subdivision a person is to be treated as being closely associated with a relevant person if —

(a) the person is in partnership with the relevant person; or

(b) the person is an employer of the relevant person; or

(c) the person is a beneficiary under a trust, or an object of a discretionary trust, of which the relevant person is a trustee; or

(ca) the person belongs to a class of persons that is prescribed; or

(d) the person is a body corporate —

(i) of which the relevant person is a director, secretary or executive officer; or

(ii) in which the relevant person holds shares having a total value exceeding —

(I) the prescribed amount; or

(II) the prescribed percentage of the total value of the issued share capital of the company,

whichever is less;

or

(e) the person is the spouse, de facto partner or child of the relevant person and is living with the relevant person; or

(ea) the relevant person is a council member and the person —

(i) gave a notifiable gift to the relevant person in relation to the election at which the relevant person was last elected; or

(ii) has given a notifiable gift to the relevant person since the relevant person was last elected;

or

(eb) the relevant person is a council member and since the relevant person was last elected the person —

(i) gave to the relevant person a gift that section 5.82 requires the relevant person to disclose; or

(ii) made a contribution to travel undertaken by the relevant person that section 5.83 requires the relevant person to disclose;

or

(f) the person has a relationship specified in any of paragraphs (a) to (d) in respect of the relevant person's spouse or de facto partner if the spouse or de facto partner is living with the relevant person.

(2) In subsection (1) —

notifiable gift means a gift about which the relevant person was or is required by regulations under section 4.59(a) to provide information in relation to an election;

value, in relation to shares, means the value of the shares calculated in the prescribed manner or using the prescribed method.

[Section 5.62 amended by No. 64 of 1998 s. 31; No. 28 of 2003 s. 110; No. 49 of 2004 s. 51; No. 17 of 2009 s. 26.]

5.63. Some interests need not be disclosed

(1) Sections 5.65, 5.70 and 5.71 do not apply to a relevant person who has any of the following interests in a matter —

(a) an interest common to a significant number of electors or ratepayers;

(b) an interest in the imposition of any rate, charge or fee by the local government;

(c) an interest relating to a fee, reimbursement of an expense or an allowance to which section 5.98, 5.98A, 5.99, 5.99A, 5.100 or 5.101(2) refers;

(d) an interest relating to the pay, terms or conditions of an employee unless —

(i) the relevant person is the employee; or

(ii) either the relevant person's spouse, de facto partner or child is the employee if the spouse, de facto partner or child is living with the relevant person;

[(e) deleted]

(f) an interest arising only because the relevant person is, or intends to become, a member or office bearer of a body with non-profit making objects;

(g) an interest arising only because the relevant person is, or intends to become, a member, office bearer, officer or employee of a department of the Public Service of the State or Commonwealth or a body established under this Act or any other written law; or

(h) a prescribed interest.

(2) If a relevant person has a financial interest because the valuation of land in which the person has an interest may be affected by —

(a) any proposed change to a planning scheme for any area in the district;

(b) any proposed change to the zoning or use of land in the district; or

(c) the proposed development of land in the district,

then, subject to subsection (3) and (4), the person is not to be treated as having an interest in a matter for the purposes of sections 5.65, 5.70 and 5.71.

(3) If a relevant person has a financial interest because the valuation of land in which the person has an interest may be affected by —

(a) any proposed change to a planning scheme for that land or any land adjacent to that land;

(b) any proposed change to the zoning or use of that land or any land adjacent to that land; or

(c) the proposed development of that land or any land adjacent to that land,

then nothing in this section prevents sections 5.65, 5.70 and 5.71 from applying to the relevant person.

(4) If a relevant person has a financial interest because any land in which the person has any interest other than an interest relating to the valuation of that land or any land adjacent to that land may be affected by —

(a) any proposed change to a planning scheme for any area in the district;

(b) any proposed change to the zoning or use of land in the district; or

(c) the proposed development of land in the district,

then nothing in this section prevents sections 5.65, 5.70 and 5.71 from applying to the relevant person.

(5) A reference in subsection (2), (3) or (4) to the development of land is a reference to the development, maintenance or management of the land or of services or facilities on the land.

[Section 5.63 amended by No. 1 of 1998 s. 15; No. 64 of 1998 s. 32; No. 28 of 2003 s. 111; No. 49 of 2004 s. 52; No. 17 of 2009 s. 27.]

*[**5.64.** Deleted by No. 28 of 2003 s. 112.]*

5.65. Members' interests in matters to be discussed at meetings to be disclosed

(1) A member who has an interest in any matter to be discussed at a council or committee meeting that will be attended by the member must disclose the nature of the interest —

- (a) in a written notice given to the CEO before the meeting; or
- (b) at the meeting immediately before the matter is discussed.

Penalty: $10 000 or imprisonment for 2 years.

(2) It is a defence to a prosecution under this section if the member proves that he or she did not know —

- (a) that he or she had an interest in the matter; or
- (b) that the matter in which he or she had an interest would be discussed at the meeting.

(3) This section does not apply to a person who is a member of a committee referred to in section 5.9(2)(f).

5.66. Meeting to be informed of disclosures

If a member has disclosed an interest in a written notice given to the CEO before a meeting then —

- (a) before the meeting the CEO is to cause the notice to be given to the person who is to preside at the meeting; and
- (b) at the meeting the person presiding is to bring the notice and its contents to the attention of the persons present immediately before the matters to which the disclosure relates are discussed.

[Section 5.66 amended by No. 1 of 1998 s. 16; No. 64 of 1998 s. 33.]

5.67. Disclosing members not to participate in meetings

A member who makes a disclosure under section 5.65 must not —

- (a) preside at the part of the meeting relating to the matter; or
- (b) participate in, or be present during, any discussion or decision making procedure relating to the matter,

unless, and to the extent that, the disclosing member is allowed to do so under section 5.68 or 5.69.

Penalty: $10 000 or imprisonment for 2 years.

5.68. Councils and committees may allow members disclosing interests to participate etc. in meetings

(1) If a member has disclosed, under section 5.65, an interest in a matter, the members present at the meeting who are entitled to vote on the matter —

- (a) may allow the disclosing member to be present during any discussion or decision making procedure relating to the matter; and
- (b) may allow, to the extent decided by those members, the disclosing member to preside at the meeting (if otherwise qualified to preside) or to participate in discussions and the decision making procedures relating to the matter if —
  - (i) the disclosing member also discloses the extent of the interest; and
  - (ii) those members decide that the interest —

(I) is so trivial or insignificant as to be unlikely to influence the disclosing member's conduct in relation to the matter; or

(II) is common to a significant number of electors or ratepayers.

(2) A decision under this section is to be recorded in the minutes of the meeting relating to the matter together with the extent of any participation allowed by the council or committee.

(3) This section does not prevent the disclosing member from discussing, or participating in the decision making process on, the question of whether an application should be made to the Minister under section 5.69.

5.69. Minister may allow members disclosing interests to participate etc. in meetings

(1) If a member has disclosed, under section 5.65, an interest in a matter, the council or the CEO may apply to the Minister to allow the disclosing member to participate in the part of the meeting, and any subsequent meeting, relating to the matter.

(2) An application made under subsection (1) is to include —

(a) details of the nature of the interest disclosed and the extent of the interest; and

(b) any other information required by the Minister for the purposes of the application.

(3) On an application under this section the Minister may allow, on any condition determined by the Minister, the disclosing member to preside at the meeting, and at any subsequent meeting, (if otherwise qualified to preside) or to participate in discussions or the decision making procedures relating to the matter if —

(a) there would not otherwise be a sufficient number of members to deal with the matter; or

(b) the Minister is of the opinion that it is in the interests of the electors or ratepayers to do so.

(4) A person must not contravene a condition imposed by the Minister under this section.

Penalty: $10 000 or imprisonment for 2 years.

[Section 5.69 amended by No. 49 of 2004 s. 53.]

5.69A. Minister may exempt committee members from disclosure requirements

(1) A council or a CEO may apply to the Minister to exempt the members of a committee from some or all of the provisions of this Subdivision relating to the disclosure of interests by committee members.

(2) An application under subsection (1) is to include —

(a) the name of the committee, details of the function of the committee and the reasons why the exemption is sought; and

(b) any other information required by the Minister for the purposes of the application.

(3) On an application under this section the Minister may grant the exemption, on any conditions determined by the Minister, if the Minister is of the opinion that it is in the interests of the electors or ratepayers to do so.

(4) A person must not contravene a condition imposed by the Minister under this section.

Penalty: $10 000 or imprisonment for 2 years.

[Section 5.69A inserted by No. 64 of 1998 s. 34(1).]

5.70. Employees to disclose interests relating to advice or reports

(1) In this section —

employee includes a person who, under a contract for services with the local government, provides advice or a report on a matter.

(2) An employee who has an interest in any matter in respect of which the employee is providing advice or a report directly to the council or a committee must disclose the nature of the interest when giving the advice or report.

(3) An employee who discloses an interest under this section must, if required to do so by the council or committee, as the case may be, disclose the extent of the interest.

Penalty: $10 000 or imprisonment for 2 years.

5.71. Employees to disclose interests relating to delegated functions

If, under Division 4, an employee has been delegated a power or duty relating to a matter and the employee has an interest in the matter, the employee must not exercise the power or discharge the duty and —

(a) in the case of the CEO, must disclose to the mayor or president the nature of the interest as soon as practicable after becoming aware that he or she has the interest in the matter; and

(b) in the case of any other employee, must disclose to the CEO the nature of the interest as soon as practicable after becoming aware that he or she has the interest in the matter.

Penalty: $10 000 or imprisonment for 2 years.

STRATEGIC COMMUNITY PLAN

Core drivers identify what Council will be concentrating on as it works towards achieving Councils vision. The core drivers developed by Council are:

1. Relationships that bring us tangible benefits (to the Shire and our community)
2. Our lifestyle and strong sense of community
3. We are prepared for opportunities and we are innovative to ensure our relevancy and destiny

COMMUNITY CONSULTATION

The following consultation took place;

- Chief Executive Officer
- Manager of Governance
- Manager Works and Services
- Council Staff & Council
- Community Members.

STAFF RECOMMENDATION

That the Audit Committee receive the Status Report.

COMMITTEE RESOLUTION

MIN 012/26 MOTION - Moved Cr. Reid Seconded Cr. Gardiner

That the Audit Committee receive the Status Report.

In Favour: Crs David Leake, Dennis Reid, Matt Steber, Emily Ryan, Monica Gardiner, Kelsey Pryer, Paul Brown and Michelle McDonnell

Against: Nil

CARRIED 8/0

6.2 RISK REGISTER REVIEW

File Ref: **ADM 60**

Author: **Morgan Ware, Manager of Governance**

Authoriser: **Raymond Griffiths, Chief Executive Officer**

Attachments: **1. Risk Register**

BACKGROUND

Council's June Audit Committee Meeting – 16th June 2026

MIN 010/26 MOTION - Moved Cr. Steber Seconded Cr. Reid

That the Audit, Risk & Improvement Committee recommends to Council that;

3. ***Receives the updated Risk Review spreadsheet as presented;***
4. ***Notes the Actions required and proposed timeframes; and***
5. ***Removes the completed actions from the Register into Completed items spreadsheet.***

Council's March Audit Committee Meeting – 17th March 2026

MIN 002/26 MOTION - Moved Cr. Brown Seconded Cr. Leake

That the Audit, Risk & Improvement Committee recommends to Council that;

1. ***Receives the updated Risk Review spreadsheet as presented;***
2. ***Notes the Actions required and proposed timeframes; and***

Removes the completed actions from the Register into Completed items spreadsheet.

Council's December Audit Committee Meeting – 16th December 2025

MIN 017/25 MOTION - Moved Cr. Brown Seconded Cr. Ryan

That the Audit, Risk & Improvement Committee recommends to Council that;

1. ***Receives the updated Risk Review spreadsheet as presented;***
2. ***Notes the Actions required and proposed timeframes; and***
3. ***Removes the completed actions from the Register into Completed items spreadsheet.***

Council's August Audit Committee Meeting – 19th August 2025

MIN 001/25 MOTION - Moved Cr. Reid Seconded Cr. Pryer

That the Audit, Risk & Improvement Committee recommends to Council that;

1. ***Receives the updated Risk Review spreadsheet as presented;***
2. ***Notes the Actions required and proposed timeframes; and***
3. ***Removes the completed actions from the Register into Completed items spreadsheet.***

STAFF COMMENT

The CEO is required to undertake a review of the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance.

The attached Risk Register Report provides Council with an overview of identified risks and includes the relevant risk category, commentary, required actions and mitigation measures, actions undertaken, responsible officers and applicable timeframes.

The risks and actions contained within the Register have been identified through the 2023 Regulation 17 Review, annual audits, LGIS Work Health and Safety assessments and ongoing internal reviews.

The Risk Register is maintained as an active monitoring tool, with progress against identified actions regularly reviewed and updated. Once an action has been satisfactorily completed, it is transferred to the Completed Items Register to maintain a record of actions undertaken and improvements implemented.

FINANCIAL IMPLICATIONS

Nil known at this time.

STATUTORY IMPLICATIONS

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the Chief Executive Officer to review the appropriateness and effectiveness of the local government's systems and procedures in relation to financial management, legislative compliance and risk management.

The review is required to be undertaken in accordance with the prescribed review cycle, with the results reported to the Audit, Risk and Improvement Committee.

From 1 January 2026, the previous requirement under regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* to separately review the appropriateness and effectiveness of the local government's financial management systems and procedures was removed. Financial management is now incorporated within the review requirements under regulation 17 of the *Local Government (Audit) Regulations 1996*.

STRATEGIC COMMUNITY PLAN

Core drivers identify what Council will be concentrating on as it works towards achieving Councils vision. The core drivers developed by Council are:

1. Relationships that bring us tangible benefits (to the Shire and our community)
2. Our lifestyle and strong sense of community
3. We are prepared for opportunities and we are innovative to ensure our relevancy and destiny

COMMUNITY CONSULTATION

The following consultation took place;

- Chief Executive Officer & Manager of Governance
- Internal Staff
- LGIS
- Auditors (Australian Audit, MACRI Partners, Current Auditor: Dry Kirkness)

STAFF RECOMMENDATION

That the Audit, Risk & Improvement Committee recommends to Council that;

1. *Receives the updated Risk Review spreadsheet as presented;*
2. *Notes the Actions required and proposed timeframes; and*
3. *Removes the completed actions from the Register into Completed items spreadsheet.*

COMMITTEE RESOLUTION

MIN 013/26 MOTION - Moved Cr. Brown Seconded Cr. Ryan

That the Audit, Risk & Improvement Committee recommends to Council that;

1. ***Receives the updated Risk Review spreadsheet as presented;***
2. ***Notes the Actions required and proposed timeframes; and***
3. ***Removes the completed actions from the Register into Completed items spreadsheet.***

In Favour: Crs David Leake, Dennis Reid, Matt Steber, Emily Ryan, Monica Gardiner, Kelsey Pryer, Paul Brown and Michelle McDonnell

Against: Nil

CARRIED 8/0

6.3 INTERIM AUDIT DRAFT REPORT 2025/26

File Ref: **ADM**

Author: **Morgan Ware, Manager of Governance**

Authoriser: **Raymond Griffiths, Chief Executive Officer**

Attachments: **Nil**

BACKGROUND

The *Local Government Amendment (Auditing) Act 2017* introduced amendments to the *Local Government Act 1995*, transferring responsibility for the auditing of Western Australian local governments to the Office of the Auditor General (OAG).

As part of the audit of the Shire of Kellerberrin's Annual Financial Report for the year ended 30 June 2025, the OAG engaged Dry Kirkness (Audit) Pty Ltd to undertake audit work on its behalf.

STAFF COMMENT

Please find below a table identifying the findings from interim audit for the 2025/26 financial year. The interim audit field work was conducted on 18th – 21st May 2026, with the draft interim audit findings letter provided by Dry Kirkness on 5th July 2026. Following Management comments, this was presented to the OAG with the below response received.

> *Hi Morgan*
>
> *The OAG has a few queries on the comments to the findings raised and wanted us to go back & verify a few more things & suggested we do this at the final audit visit.*
>
> *On this basis I believe the interim ML won't be issued, instead those findings remaining will be reported in the Final ML.*
>
> *Hope this is acceptable.*
>
> *Regards*
>
> *Dry Kirkness*

Accordingly, the matters outlined below are presented as draft interim audit findings for the Audit, Risk & Improvement Committee's consideration and remain subject to further audit review and finalisation.

Index of findings	Potential impact on audit opinion	Rating	Year first raised
1. Superannuation Guarantee Contributions and Matching Super Contributions	No	**Moderate**	2024
2. User Access Rights	No	**Moderate**	2023
3. Cyber Security Risks	No	**Moderate**	2023
4. Business Continuity and Disaster Recovery Plan	No	**Moderate**	2024
5. Network Use and Unauthorised Log in Attempts	No	**Moderate**	2024

6. No Service Level Agreement with IT Provider	No	Moderate	2026
7. Preferred supplier lists to be reviewed annually & approved by Council	No	Moderate	2026
8. Risk Management Framework	No	Moderate	2026
9. Employee Exit Checklist	No	Minor	2026
10. Employee Increment Letters	No	Minor	2026
11. Supplier Masterfiles	No	Moderate	2026

KEY TO RATINGS
The ratings in this management letter reflect our assessment of risks based on the likelihood and potential impact if no action is taken. These outcomes consider both quantitative impact (such as financial loss) and qualitative impact (such as inefficiency, non-compliance, poor service to the public or loss of public confidence).

● **Significant** – Findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit opinion, it should be addressed promptly.

● **Moderate** – Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

● **Minor** – Those findings that are not of primary concern but still warrant action being taken.

Management comments provided to the OAG and Dry Kirkness in response to the audit findings are noted below. Further detail provided in the attachment.

1. **Superannuation Guarantee (SG) Contributions and Matching Super Contributions**

   This has been rectified through the payroll system. Superannuation report it reviewed, and counter signed by management

2. **User Access Rights**

   Establish a formal procedure on user access rights for bi-annual review in January & July.

3. **Cyber Security Risks**

   A Cyber Security Policy was adopted by Council in June 2026. A desktop exercise has been completed for a Cyber Security uplift program. A Cyber Security Plan is currently being established alongside LGIS (Marsh) and IT Consultant and to be presented before Council prior to Final Audit.

4. **Business Continuity and Disaster Recovery Plan**

   Plan under review in consultation with IT Consultant. Plan to be presented for Final Audit.

5. **Network Use and Unsuccessful Log in Attempts**

   Current software does not have the capability for this level of monitoring as mentioned in previous audit management comments. Councils' management seeks feedback on how this *is expected to be completed or how other organisations perform this. If not Council seeks permission to have this formally removed from the Audit Report.*

6. **No Service Level Agreement with IT Provider**

   IT Consultant selected through RFQ process. IT Agreement located on file.

7. **Panel of Pre-Qualified Suppliers**

   To be completed prior to final audit and put before Council.

8. **Risk Management Framework**

   Risk Management Framework to be reviewed and put before Council & the Audit, Risk & Improvement Committee prior to 2027 Interim Audit.

9. **Employee Exit Checklist**

   The existing employee exit checklist has been reinstated and is currently under review to improve its format and conciseness.

10. **Employee Increment Letters**
    Councils' management has issued a memo to the payroll officer for the award increases. All other increases are provided in a letter to the employee and a copy provided to the payroll officer and placed on file.

11. **Supplier Masterfiles**

    New/Updated Creditor Procedure to be updated prior to Final Audit.

TEN YEAR FINANCIAL PLAN

Nil

FINANCIAL IMPLICATIONS

Nil

STATUTORY IMPLICATIONS

Local Government Amendment (Auditing) Act 2017

7.12AJ. Conducting a performance audit

(1) The Auditor General Act section 18 applies in relation to a local government as if —
(a) the local government were an agency; and
(b) money collected, received or held by any person for or on behalf of the local government were public money; and
(c) money collected, received or held by the local government for or on behalf of a person other than the local government were other money; and
(d) property held for or on behalf of the local government, other than money referred to in paragraph (b), were public property; and Local Government (Audit) Regulations 1996 (as amended)
(e) property held by the local government for or on behalf of a person other than the local government were other property; and
(f) the reference in the Auditor General Act section 18(2)(d) to "legislative provisions, public sector policies or its own internal policies;" were a reference to "legislative provisions or its own internal policies;".

(2) A performance audit is taken for the purposes of the Auditor General Act to have been carried out under the Auditor General Act Part 3 Division 1.

7.12AK. Reporting on a performance audit

(1) The Auditor General Act section 25 applies in relation to a performance audit as if —

(a) a local government were an agency; and

(b) the council of the local government were its accountable authority.

(2) The auditor must give a report on a performance audit to the local government.

Local Government (Audit) Regulations 1996

16. Audit committee, functions of

An audit committee —

(a) is to provide guidance and assistance to the local government —

(i) as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and

(ii) as to the development of a process to be used to select and appoint a person to be an auditor;

and

(b) may provide guidance and assistance to the local government as to —

(i) matters to be audited; and

(ii) the scope of audits; and

(iii) its functions under Part 6 of the Act; and

(iv) the carrying out of its functions relating to other audits and other matters related to financial management.

[Regulation 16 inserted in Gazette 31 Mar 2005 p. 1043.]

Local Government Act 1995 (as amended)

- section 3.57 relates to the tendering of goods and services
- section 3.59 relates to preparation of business plan for a commercial or trading enterprise
- sections 5.16, 5.18, 5.42, 5.43, 5.44, 5.45, 5.46 relates to the delegation of power/duty
- sections 5.67, 5.68, 5.73, 5.75, 5.76, 5.77, 5.88, 5.103 relates to the Disclosure of Interest by Councillors and/or Staff
- sections 7.3 to 7.9 relates to the appointment of auditors
- section 9.4 to 9.29 relates to appeal provisions
- sections 3.58 to relates to disposal of property

Subsidiary Statutory Acts and Regulations to achieve compliance

- Local Government (Uniform Local Provisions) Regulations 1996 – regulation 9
- Local Government (Functions and General) Regulations 1997 (as amended) – tenders for the supply of goods and services
- Local Government (Administration) Regulations 1996 (as amended)
- Local Government (Financial Management) Regulations 1996 (as amended)
- Local Government (Audit) Regulations 1996
- Local Government Grants Act 1978 – section 12
- Local Government (Elections) Regulations 1997

STRATEGIC COMMUNITY PLAN

Core drivers identify what Council will be concentrating on as it works towards achieving Councils vision. The core drivers developed by Council are:

1. Relationships that bring us tangible benefits (to the Shire and our community)

2. Our lifestyle and strong sense of community
3. We are prepared for opportunities and we are innovative to ensure our relevancy and destiny

COMMUNITY CONSULTATION

The following consultation took place;

- Chief Executive Officer
- Administration Staff
- Councillors

STAFF RECOMMENDATION

That the Audit, Risk & Improvement Committee;

1. *Receives the draft interim audit findings and associated management comments for the 2025/26 financial year, as presented and*
2. *Acknowledges the advice that the Management Letter won't be issued until the final audit is complete.*

COMMITTEE RESOLUTION

MIN 014/26 MOTION - Moved Cr. Leake Seconded Cr. Brown

That the Audit, Risk & Improvement Committee;

1. ***Receives the draft interim audit findings and associated management comments for the 2025/26 financial year, as presented and***
2. ***Acknowledges the advice that the Management Letter won't be issued until the final audit is complete.***

In Favour: Crs David Leake, Dennis Reid, Matt Steber, Emily Ryan, Monica Gardiner, Kelsey Pryer, Paul Brown and Michelle McDonnell

Against: Nil

CARRIED 8/0

6.4 COMPLIANCE AUDIT RETURN - 2025

File Ref: **FIN01**

Author: **Morgan Ware, Manager of Governance**

Authoriser: **Raymond Griffiths, Chief Executive Officer**

Attachments: **1. Compliance Audit Return 2025**

BACKGROUND

Audit, Risk & Improvement Committee Meeting – 17th March 2026

MIN 005/26 MOTION - Moved Cr. Pryer Seconded Cr. Gardiner

That the Audit, Risk & Improvement Committee acknowledge and note the new due date of September 2026 for the 2025 Compliance Audit Return (CAR).

CARRIED 8/0

Audit, Risk & Improvement Committee Meeting – 20th March 2025

MIN 0012/25 MOTION - Moved Cr. Pryer Seconded Cr. Leake

That the Audit, Risk & Improvement Committee;

1. ***Having received the 2024 Compliance Audit Return (Attachment A), recommend to Council to adopt the 2024 Compliance Audit Return; and***
2. ***Recommend that Council authorises the Shire President and Chief Executive Officer to sign in joint the Certificate.***
3. ***Recommend to Council that it authorises the CEO to submit the CAR to the department by 31 March 2025.***

CARRIED 8/0

STAFF COMMENT

The Compliance Audit Return (CAR) is an annual self-assessment required under regulation 14 of the *Local Government (Audit) Regulations 1996.* All Local Governments in Western Australia must complete a CAR for the period of 1 January to 31 December each year.

Council in previous years have been required to complete the CAR and have presented to the March Audit, Risk and Improvement Committee to ensure it is adopted by Council and submitted by the 31st March of each year.

The deadline for this year's CAR for the period of 1 January to 31 December 2025 was deferred until 30 September 2026 with the implementation of the new platform and introduction of the Local Government Inspectorate. Changes to the CAR are outlined in regulation 13 of the *Local Government (Audit) Regulations 1996*. In addition, the Local Government Inspector has the ability to limit what statutory requirements are included in the CAR, under regulation 15A of the *Local Government (Audit) Regulations 1996*, published on 1 January 2026.

The Shire has completed the 2025 CAR and it is included as an attachment for the Audit, Risk & Improvement Committee's consideration and formally adopted by Council. The completed 2025 CAR will be signed and lodged as per the statutory requirement by 30 September 2026.

TEN YEAR FINANCIAL PLAN

NIL

FINANCIAL IMPLICATIONS

NIL

STATUTORY IMPLICATIONS

7.13. Regulations as to audits

(1) Regulations may make provision as follows —

(aa) as to the functions of a CEO in relation to —

(i) a local government audit; and

(ii) a report (an ***action report****) prepared by a local government under section 7.12A(4)(a); and*

(iii) an audit report; and

(iv) a report on an audit conducted by a local government under this Act or any other written law;

(ab) as to the functions of an audit, risk and improvement committee, including in relation to —

[(i) deleted]

(ii) a local government audit; and

(iii) an action report; and

(iv) an audit report; and

(v) a report on an audit conducted by a local government under this Act or any other written law; and

(vi) any other matters;

[(ac) and (ad) deleted]

(ae) as to monitoring action taken in respect of any matters raised in an audit report;

[(a)-(e) deleted]

(f) as to the matters to be addressed in an audit report;

[(g) and (h) deleted]

(i) requiring local governments to carry out, in the prescribed manner and in a form approved by the Inspector, an audit of compliance with such statutory requirements as are prescribed whether those requirements are —

(i) of a financial nature or not; or

(ii) under this Act or another written law.

(1A) The provision that may be made by regulations for the purposes of subsection (1)(ab) is not limited by the other subject matter of this Part.

[(2) deleted]

[Section 7.13 amended: No. 64 of 1998 s. 40; No. 49 of 2004 s. 9; No. 55 of 2004 s. 700; No. 5 of 2017 s. 20 and 22; No. 47 of 2024 s. 90.]

14. Compliance audits

(1) A local government must carry out an audit (a ***compliance audit****) of the local government's compliance with the statutory requirements prescribed by regulation 13 for the period beginning on 1 January and ending on 31 December in each year.*

(1A) Subregulation (1) is subject to regulation 15A.

(2) After a local government has carried out a compliance audit, the CEO must —

(a) prepare a compliance audit return in a form approved by the Inspector; and

(b) give a copy of the compliance audit return to the local government's audit, risk and improvement committee.

(3) The audit, risk and improvement committee must —

(a) review the compliance audit return; and

(b) report to the council the results of that review.

(4) When reporting to the council, the audit, risk and improvement committee must make any recommendations that the committee considers appropriate in relation to the compliance audit return.

(5) The council must consider the compliance audit return and the results of the audit, risk and improvement committee's review (including any recommendations) at a meeting of the council.

(6) The council must —

(a) determine if any matters raised by the audit, risk and improvement committee require action to be taken by the local government; and

(b) either —

(i) adopt the compliance audit return; or

(ii) adopt the compliance audit return subject to amendments proposed by the council.

[Regulation 14 inserted: SL 2025/211 r. 14; amended: SL 2025/208 r. 30.]

15. Signed compliance audit return and other information must be given to Inspector

(1) After a compliance audit return has been adopted by the council under regulation 14(6)(b), the local government must give the following information to the Inspector —

(a) a copy of the compliance audit return (or amended compliance audit return, if applicable), signed by the mayor or president and by the CEO;

(b) any recommendations made under regulation 14(4) after the audit, risk and improvement committee has reviewed the compliance audit return;

(c) a copy of the relevant section of the minutes of the meeting at which the compliance audit return was adopted by the council;

(d) any additional information explaining or qualifying the compliance audit.

(2) The information must be given to the Inspector no later than 31 March next following the period to which the return relates.

(3) The Inspector may extend the 31 March deadline.

[Regulation 15 inserted: SL 2025/211 r. 14.]

15A. Inspector may limit prescribed statutory requirements to be covered by compliance audit

(1) In this regulation —

***period** means a period for which a compliance audit is required under regulation 14(1) that begins on or after 1 January 2026;*

***prescribed statutory requirement** means a statutory requirement prescribed by regulation 13.*

(2) The Inspector may, in respect of a period, determine that a compliance audit —

(a) is not to cover all of the prescribed statutory requirements; and

(b) is instead to cover only the prescribed statutory requirements specified in the determination.

(3) The determination must be reflected in the form approved under regulation 14(2)(a) for the period.

(4) Subregulation (5) applies if —

(a) the Inspector makes determinations under subregulation (2) in respect of 3 consecutive periods; and

(b) there is a prescribed statutory requirement that is specified under subregulation (2)(b) in none of those determinations.

(5) If the Inspector makes a determination under subregulation (2) in respect of the period immediately after the 3 consecutive periods, the prescribed statutory requirement referred to in subregulation (4)(b) must be specified under subregulation (2)(b) in that determination (without limiting the other prescribed statutory requirements that may be specified).

[Regulation 15A inserted: SL 2025/208 r. 31.]

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3. We are prepared for opportunities and we are innovative to ensure our relevancy and destiny

COMMUNITY CONSULTATION

That the following consultation took place:

- Chief Executive Officer
- Manager of Governance

STAFF RECOMMENDATION

That the Audit, Risk & Improvement Committee;

1. *Having received the 2025 Compliance Audit Return (Attachment A), recommend to Council to adopt the 2025 Compliance Audit Return; and*
2. *Recommend that Council authorises the Shire President and Chief Executive Officer to sign in joint the Certificate.*
3. *Recommend to Council that it authorises the CEO to submit the CAR to the department by 30 September 2026.*

COMMITTEE RESOLUTION

MIN 015/26 MOTION - Moved Cr. Ryan Seconded Cr. Pryer

That the Audit, Risk & Improvement Committee;

1. ***Having received the 2025 Compliance Audit Return (Attachment A), recommend to Council to adopt the 2025 Compliance Audit Return; and***
2. ***Recommend that Council authorises the Shire President and Chief Executive Officer to sign in joint the Certificate.***
3. ***Recommend to Council that it authorises the CEO to submit the CAR to the department by 30 September 2026.***

In Favour: Crs David Leake, Dennis Reid, Matt Steber, Emily Ryan, Monica Gardiner, Kelsey Pryer, Paul Brown and Michelle McDonnell

Against: Nil

CARRIED 8/0

7 CLOSURE OF MEETING

The Meeting closed at 1:08pm.

The minutes of this meeting were confirmed at the Audit, Risk & Improvement Committee held on.

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CHAIRPERSON