# AGENDA

Shire of West Arthur
Audit, Risk and Improvement Committee Meeting
Monday 14 September 2026

**NOTICE OF MEETING**

Dear Elected Member

The next Audit, Risk and Improvement Committee Meeting will be held on Monday 14 September 2026 in the Council Chambers commencing at 5.00pm.

Vin Fordham Lamont
**CHIEF EXECUTIVE OFFICER**

**DISCLAIMER**

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In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of the Shire of West Arthur during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of West Arthur. The Shire of West Arthur warns that anyone who has an application lodged with the Shire of West Arthur must obtain and only should rely on WRITTEN CONFIRMATION of the outcome of the application, and any conditions attaching to the decision made by the Shire of West Arthur in respect of the application.

| | |
|---|---|
| **Policy Title** | **C3 – Audit, Risk & Improvement Committee – Terms of Reference** |
| **Policy Type** | **Governance** |
| **Responsible Officer** | **Chief Executive Officer** |

**Purpose**

To ensure the Audit, Risk & Improvement Committee plays a key role in assisting the Council to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and internal and external audit functions.

**Scope**

This policy applies to the Audit, Risk & Improvement Committee and outlines its role, responsibilities, authority, membership, meeting requirements and reporting obligations. It covers the committee's oversight of financial management and reporting, risk management, legislative compliance, internal and external audit matters, and the review of actions arising from audit findings, recommendations and related improvement activities.

**Definitions**

Nil

**Policy Statement**

**Establishment of the Audit, Risk & Improvement Committee**

In accordance with s5.8 and Part 7, Division1A of the LGA by Absolute Majority, the committee itself is a formally established committee of 3 or more persons to assist council, by the Council and it is responsible to that body.

**Powers of the Audit, Risk & Improvement Committee**

The committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its terms of reference to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.

The committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The committee does not have any management functions and cannot involve itself in management processes or procedures.

**Membership**

The committee shall consist of a Presiding Member (not an Elected Member or Employee), an Alternative Presiding Member (not an Elected Member or Employee) and Elected Members in accordance with the Local Government Act 1995. All members shall have full voting rights.

External persons appointed to the committee will have business or financial management/reporting knowledge and experience, and be conversant with financial and other reporting requirements.

Appointment of external persons shall be made by Council by way of a public advertisement and be for a maximum term of two years. The terms of the appointment should be arranged to ensure an orderly rotation and continuity of membership despite changes to council's elected representatives.

Reimbursement of actual expenses incurred in relation to attendance at a meeting of the ARIC will be paid to each Independent Member of the committee upon submission of an Independent Member Claim Form. See also Policy C8 – Council Member Entitlements.

Required staff in attendance to provide administrative support (non-voting) are the Chief Executive Officer, Deputy Chief Executive Officer, and Manager Financial Reporting.

**Quorum**

The quorum at any meeting shall be half plus one of the number of members.

**Meetings**

The committee shall meet at least four times annually to align with the scheduled requirements of Audit Reg 16. Additional meetings may be convened at the discretion of the presiding person. The Audit Entrance and Exit meetings, although still required, are not formal meetings of the committee.

A decision of the Audit, Risk and Improvement Committee is to be made by a simple majority.

**Reporting**

Reports and recommendations of each committee meeting shall be presented to the next ordinary meeting of the Council.

**Functions of an Audit, Risk and Improvement Committee**

Legislative functions of an Audit, Risk and Improvement Committee are outlined in regulation 16 of the Local Government (Audit) Regulations 1996 as follows;

a. To receive and review reports on, and recommend to the council, actions to be taken in relation to –
   i. Audits under Part 7 of the Act; and
   ii. compliance audits; and
   iii. reviews under Local Government (Audit) Regulations 1996 regulation 17;
      1. The CEO must review the appropriateness and effectiveness of the local government's systems and procedures in relation to the following matters –
         a. Financial management;
         b. Legislative compliance;
         c. risk management
      2. Under subregulation (1), the CEO may review any or all of the matters referred to in subregulation (1)(a) to (c) at any time but must review each of the matters not less than once in every 4 financial years.
      3. The CEO must report to the audit, risk and improvement committee the results of each review carried out under subregulation (1).
b. To otherwise receive and review reports on the appropriateness and effectiveness of, and recommend to the council improvements to, the local government's system and procedures in relation to –
   i. Financial management; and
   ii. Legislative compliance; and
   iii. risk management;
c. to receive and review reports on, and recommend to the council improvements to, the implementation of any actions that the local government –
   i. is required to take under section 7.12A(3);
   ii. has stated it has taken or intends to take in a report prepared under section7.12A(4)(a); and
   iii. has otherwise decided to take in response to a report or recommendation referred to in paragraph (a) or (b); and

iv. has stated it has done or proposes to do in written advice prepared under section 8.6(1)(a) or 8.23(4)(a);

d. any other functions conferred on the audit, risk and improvement committee under these regulations or another written law.

Other functions include:

- Meet with the auditor on completion of the annual audit (audit exit meeting) and provide a report to Council, with recommendations on the matters discussed and the outcome of those discussions.
- Liaise with the CEO to ensure that the local government does everything in its power to –
    - Assist the auditor to conduct the audit and carry out their duties under the Local Government Act 1995; and
    - ensure that audits are conducted successfully and expeditiously.
- Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and present the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time.
- Review at the entrance meeting to the interim and annual audit, the scope of the audit plan and program and its effectiveness.
- Consider and recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed.
- Review the Compliance Audit Return and make a recommendation on its adoption to Council.
- Recommend to Council, the adoption of the half-yearly budget review.

| | |
|---|---|
| **History** | 25/05/2023 Adopted<br>22/05/2025 Reviewed<br>23/05/2026 Reviewed |
| **Delegation** | Nil |
| **Relevant Legislation** | *Local Government Act 1995*<br>*Part 5 – Division 2 - Committees and their meetings*<br>*Part 7 – Audit*<br>*Local Government (Audit) Regulations 1996*<br>*r.16 – Functions of Audit, Risk and Improvement Committee*<br>*Local Government Amendment Regulations 2024* |
| **Related Documentation** | C7 – Code of Conduct for Council Members, Committee Members & Candidates<br>C8 – Council Member Entitlements |

# Request to Attend Meeting by Electronic Means

*(Local Government Act 1995 – Section 5.25*
*Local Government (Administration) Regulations 1996 – 14C*

**Shire of West Arthur**
PO Box 112
31 Burrowes Street
Darkan WA 6392
T: (08) 9736 2400
E: shire@westarthur.wa.gov.au

**Surname** ______________________ **Other Names** ______________________

**Date of Meeting** ______________________

**Type of Meeting**
*(Please tick one)*

☐ Ordinary Council Meeting
☐ Committee Meeting
☐ Special Council Meeting

| **Consideration of Location and Equipment Available** | |
|---|---|
| Regulation 14C(5) – In deciding whether to authorise a member to attend a meeting by electronic means, the Shire President or Council must have regard to whether the location from which the member intends to attend the meeting, and the equipment that the member intends to use to attend the meeting, are suitable for the member to be able to effectively engage in deliberations and communications during the meeting. | |
| **Location Proposed** | |
| **Equipment Available** | |

| **IMPORTANT NOTE** |
|---|
| The Shire President or Council cannot authorise a member to attend a meeting if the member's attendance at the proposed meeting would result in the member attending more than half of the meeting type in the 12 months prior to the requested meeting date by electronic means. *(Regulation 14C(3)*). |

Signature ______________________ Date ______________________

***Please send this form to the Chief Executive Officer who will complete the member's attendance section and forward to the Shire President or the Council for consideration.***
***In the event of the request being submitted by the Shire President, the Deputy Shire President, pursuant to s5.34 of the Local Government Act 1995, is able to authorise the request***

**OFFICE USE ONLY**

**MEMBERS ATTENDANCE**

**Number of Meetings Attended by Electronic Means in the 12 Months Prior to the Meeting Date**

| | |
|---|---|
| Ordinary Council Meeting | |
| Special Council Meeting | |
| Committee Meeting | |

**Number of Meetings Scheduled in the 12 Months Prior to the Meeting Date**

| | |
|---|---|
| Ordinary Council Meeting | |
| Special Council Meeting | |
| Committee Meeting | |

**Would Attending the Proposed Meeting Electronically Result in the Member Exceeding The 50% Requirement?**

☐ Yes ☐ No

**Council/Shire President's Consideration**

The Shire President or Council should consider the following factors in determining whether the location and equipment is deemed suitable.

**LOCATION**

The location must be quiet and private. If there are other people at the location at the time of the meeting, you may require the person to be in a room that has a door that can be closed during the meeting, and request that the person wear headphones if appropriate.

**EQUIPMENT AND ELECTRONIC MEANS**

The equipment must support Council's preferred electronic means for remote attendance, being Microsoft Teams.

**Is the Location and Equipment Deemed Suitable?**

☐ Yes ☐ No

**Is the Request to Attend the Proposed Meeting by Electronic Means Approved?**

☐ Yes ☐ No

Signature ____________________ Date ____________

# Written Declaration of Interest in Matter Before Committee

**Shire of West Arthur**
PO Box 112
31 Burrowes Street
Darkan WA 6392
T: (08) 9736 2400
E: shire@westarthur.wa.gov.au

| NOTE: USE ONE FORM PER DECLARATION |
|---|

(1) I, ____________________________________________ wish to declare an interest in the following item to be considered by the Committee at its meeting to be held on

(2) ____________________________________________________________

(3) Agenda item ____________________________________________________

(4) The type of interest I wish to declare is;

☐ Financial pursuant to Sections 5.60A of the Local Government Act 1995.

☐ Proximity pursuant to Section 5.60B of the Local Government Act 1995.

☐ Indirect Financial pursuant to Section 5.61 of the Local Government Act 1995.

☐ Impartiality pursuant to Regulation 22 of the Local Government (Model Code of Conduct) Regulations 2021

(5) The nature of my interest is

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

(6) The extent of my interest is

______________________________________________________________________

______________________________________________________________________

______________________________________________________________________

I understand that the above information will be recorded in the Minutes of the meeting and recorded by the Chief Executive Officer in an appropriate Register.

DECLARATION BY

Signature ______________________________ Date ________________

RECEIVED BY

Signature ______________________________ Date ________________

(1) Insert your name.
(2) Insert the date of the Council Meeting at which the item it to be considered.
(3) Insert the Agenda Item Number and Title.
(4) Tick the box to indicate the type of interest.
(5) Describe the nature of your interest.
(6) Describe the extent of your interest (if seeking to participate in the matter under the s.5.68 of the Act).

## DISCLOSURE OF FINANCIAL INTEREST, PROXIMITY INTEREST AND/OR INTEREST AFFECTING IMPARTIALITY

***Financial pursuant to Sections 5.60A of the Local Government Act 1995***

**5.60A – Financial Interest**
For the purpose 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.]*

***Proximity pursuant to Section 5.60B of the Local government Act 1995***

**5.60B – Proximity Interest**

(1) For the purposes of this Subdivision, a person has a proximity interest in a matter if the matter concerns –
   1) a proposed change to a planning scheme affecting land that adjoins the person's land;
   2) a proposed change to zoning or use of land that adjoins that person's land; or
   3) 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 –
   1) the proposal land, not being a thoroughfare, has a common boundary with the person's land;
   2) the proposal land, or any part of it, is directly across a thoroughfare from, the person's land; or
   3) 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.]*

***Indirect Financial pursuant to Section 5.61 of the Local Government Act 1995***

**5.61 – Indirect financial interest**
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.

***Impartiality pursuant to Regulation 11 of the Local Government (Rules of Conduct) Regulation 2007***

**22 – Disclosure of interest**

(1) In this clause –
   Interest –
   1) means an interest that could, or could reasonably be perceived to; adversely affect the impartiality of the person having the interest and
   2) includes an interest arising from kinship friendship or membership of an association.

(2) A council member who has an interest in any matter to be discussed at a council or committee meeting attended by the member must disclose 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.

(3) Subclause (2) does not apply to an interest referred to in section 5.60 of the Act.

(4) Subclause (2) does not apply if a council member fails to disclose an interest because the person did not know –
   (a) That they had an interest in the matter; or
   (b) That the matter in which they had an interest would be discussed at the meeting and the council member disclosed the interest as soon as possible after the discussion began.

(5) If, under sub-regulation (2)(a), a person who is a council member discloses 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 a matter to which the disclosure related is discussed.

(6) Subclause (7) applies in relation to an interest if –
   (a) Under subclause (2)(b) or (4)(b) the interest is disclosed at a meeting; or
   (b) Under subclause (5)(b) notice of the interest is bought to the attention of the persons present at a meeting.

(7) The nature of the interest is to be recorded in the minutes of the meeting.

***Describe the extent of your interest (If seeking to participate in the matter under the s.5.68 of the act)***

**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 —
   (c) the extent of any participation allowed by the council or committee; and
   (d) if the decision concerns an interest relating to a gift, the information prescribed for the purposes of this paragraph.

(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.

*[Section 5.68 amended: No. 16 of 2019 s. 30; No. 11 of 2023 s. 71.]*

**Contents**

## 1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Presiding Member to declare the meeting open.

## 2 ATTENDANCE/APOLOGIES

| | | |
|---|---|---|
| MEMBERS: | Katrina Crute | (Independent Presiding Member) |
| | Karen Harrington | (Shire President) |
| | Graeme Peirce | (Elected Member) |
| | Helen Lubcke | (Elected Member) |
| STAFF: | Vin Fordham Lamont | (Chief Executive Officer) |
| | Kylie Caley | (Deputy Chief Executive Officer) |
| | Melinda King | (Manager Financial Reporting) |

APOLOGIES:

ON LEAVE OF ABSENCE:

ABSENT:

## 3 DISCLOSURES OF INTEREST

Nil

## 4 CONFIRMATION OF MINUTES OF PREVIOUS MEETING HELD

### 4.1 AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING 16 MARCH 2026

| | |
|---|---|
| **File Ref:** | **ADM422** |
| **Author:** | **Renee Schinzig, Administration Officer** |
| **Authorising Officer:** | **Kylie Caley, Deputy Chief Executive Officer** |
| **Date:** | **08/09/2026** |

**Statutory Environment:**

Section 5.22 of the *Local Government Act* provides that minutes of all meetings are to be kept and submitted to the next ordinary meeting of the council or the committee, as the case requires, for confirmation.

**VOTING REQUIREMENTS:**

Simple Majority

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**OFFICER RECOMMENDATION:**

That the Minutes of the Audit, Risk and Improvement Committee meeting held in the Council Chambers on 16 March 2026 be confirmed as true and correct.

# 5 REPORTS

## 5.1 COMPLIANCE AUDIT RETURN FOR 2025

| | |
|---|---|
| **File Ref:** | **ADM044** |
| **Location:** | **N/A** |
| **Applicant:** | **N/A** |
| **Author:** | **Renee Schinzig, Administration Officer** |
| **Authorising Officer:** | **Mark Hook, Acting Chief Executive Officer** |
| **Date:** | **10/08/2026** |
| **Disclosure of Interest:** | **Nil** |
| **Attachments:** | **Compliance Audit Return 2025 – Under Separate Cover** |

**SUMMARY:**

The Audit, Risk and Improvement Committee is requested to consider recommending to Council the adoption of the Compliance Audit Return (CAR) 2025, as presented, as the official return for the Shire of West Arthur for the period 1 January 2025 to 31 December 2025.

**BACKGROUND:**

The requirement for local governments to complete a CAR was introduced in 1999 and has therefore changed and developed throughout its years of implementation.
In recent years, the CAR has served three main purposes:

- It acts as a self-assessment tool that informs a local government's Audit, Risk and Improvement Committee and Council of any compliance issues so that action can be taken to rectify any issues by the local government itself.
- It informs a local government's community of their local government's ability to comply with their legislative requirements, enabling the community to hold their local government to account.
- It informs the regulator (DLGSC) of any compliance issues and provides insight into whether a local government is at risk of not providing good government for its district, through its inability to meet its legislative requirements.

**COMMENT:**

Each year, the local government is required to carry out a compliance audit for the period 1 January to 31 December of the previous year. The Shire's Audit, Risk and Improvement Committee is required to review the Compliance Audit Return and report the results of that review to Council.

The Shire appears to be mostly compliant with its legislative requirements. There was one abnormality in regards to Elected Member Training requirements in the 2025 Compliance Audit Return.

A draft spreadsheet of the CAR Questionnaire with responses has been provided to committee members under separate cover. The completed format ready for submission will be tabled at the meeting.

**CONSULTATION:**

Chief Executive Officer
Manager Financial Reporting
Community Development Officer
Administration Officer

**STATUTORY ENVIRONMENT:**

Local Government Act 1995 – section 7.13 – Regulations as to audits
Local Government (Audit) Regulations 1996 – reg. 14 - Compliance audits by local governments

**POLICY IMPLICATIONS:**

Nil

**FINANCIAL IMPLICATIONS:**

Nil

**STRATEGIC IMPLICATIONS:**

West Arthur Community Strategic Plan
Theme: Leadership and Management
Outcome: Establish and maintain sound business and governance structures
Strategy: Comply with regulations and best practice standards to drive good decision making by Council and staff

**RISK IMPLICATIONS:**

***Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of likelihood it may occur and the consequences that may flow from it.*** The consequences may be positive or negative or simply a deviation from the expected. The risk or consequence may be related to health and safety; financial; business or service interruption; compliance; reputation; or the environment. ***Reference to the risk matrix below will generate a risk rating by assessing the likelihood and consequence and multiplying these scores by each other.*** The greater the risk rating, the greater the risk and the higher the need for specific plans to be developed. All items with a risk rating greater than 10 should be added to the Risk Register and specific controls developed.

**Risk Themes:**

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct
- Inadequate safety or security practices
- Inadequate project or change management
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

**Risk Matrix:**

| Consequence<br>Likelihood | | Insignificant<br>1 | Minor<br>2 | Moderate<br>3 | Major<br>4 | Catastrophic<br>5 |
|---|---|---|---|---|---|---|
| **Almost Certain** | **5** | Medium (5) | High (10) | High (15) | Extreme (20) | Extreme (25) |
| **Likely** | **4** | Low (4) | Medium (8) | High (12) | High (16) | Extreme (25) |
| **Possible** | **3** | Low (3) | Medium (6) | Medium (9) | High (12) | High (15) |
| **Unlikely** | **2** | Low (2) | Low (4) | Medium (6) | Medium (8) | High (10) |
| **Rare** | **1** | Low (1) | Low (2) | Low (3) | Low (4) | Medium (5) |

| | |
|---|---|
| Description of Key Risk | Failing to comply with legislation, resulting in financial loss, reputational damage, etc |
| Risk Likelihood (based on history and with existing controls) | Possible (3) |
| Risk Consequence | Moderate (3) |
| Risk Rating (Prior to Treatment or Control): Likelihood x Consequence | Medium (9) |
| Principal Risk Theme | Compliance Failure |
| Risk Action Plan (Controls or Treatment Proposed) | Complete the annual compliance audit return and take note of non-compliance issues to ensure mistakes are not repeated |

**VOTING REQUIREMENTS:**

Simple Majority

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**OFFICER RECOMMENDATION:**

That the Compliance Audit Return for 2025, as presented, be recommended to Council for adoption as the official return for the Shire of West Arthur for the period 1 January 2025 to 31 December 2025.

## 5.2 INTERIM AUDIT RESULTS - YEAR ENDING 30 JUNE 2026

| | |
|---|---|
| **File Ref:** | **ADM133** |
| **Location:** | **N/A** |
| **Applicant:** | **N/A** |
| **Author:** | **Kylie Caley, Deputy Chief Executive Officer** |
| **Authorising Officer:** | **Mark Hook, Acting Chief Executive Officer** |
| **Date:** | **17/08/2026** |
| **Disclosure of Interest:** | **Nil** |
| **Attachments:** | **1. Interim Management Letter - 30 June 2026 - CONFIDENTIAL**<br>**2. Audit Planning Report FY26 - CONFIDENTIAL** |

**SUMMARY:**
The purpose of this report is for the Audit, Risk and Improvement Committee (ARIC) to consider the issues raised from the interim audit conducted by SW Accountants & Advisors (SWAA) on behalf of the Office of the Auditor General (OAG).

**BACKGROUND:**
As per the Terms of Reference endorsed by Council at the Ordinary Meeting of Council held on 16 June 2026 one of the principal duties and responsibilities of the ARIC is to examine the reports of the auditor after receiving a report from the CEO on the matters and -

- Determine if any matters raised require action to be taken by the local government; and
- Ensure that the appropriate action is taken in respect of those matters.

An Audit Planning Summary was provided by SWAA in March 2026, outlining the proposed audit approach and methodology and providing assurance regarding independence and compliance with the Australian Auditing Standards. The summary also identified materiality considerations, key risk and audit focus areas, and an assessment of the Shire’s control environment.

The Audit Planning Summary has previously been provided to Council; however, it has been attached again for Councillors’ information and reference.

An entrance meeting was held in May 2026 with staff and Councillors to discuss the contents of the Audit Planning Summary, including the planned audit process and timeframes for the 2025/2026 audit.

**COMMENT:**
In accordance with section 7.2 of the Local Government Act 1995, the accounts and annual financial report of a local government for each financial year are required to be audited by an Auditor. Part 7 of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* set out the requirements and process for the audit.

The interim audit was conducted onsite from 28 – 29 May 2026. Staff responded to numerous information requests in the lead up and during the audit visit and the interim audit findings were received by the administration on 6 August 2026.
The Auditors Management Letter is attached to this item. The two (2) issues raised in the management letter are as follows:

| Index of findings | Potential impact on audit opinion | Rating | Year first raised |
|---|---|---|---|
| 1. Capital work-in-progress transfers | No | Moderate | 2026 |
| 2. IT general controls – user access management | No | Minor | 2026 |

**CONSULTATION:**

Nil

**STATUTORY ENVIRONMENT:**

***Local Government Act 1995***

***7.12A. Duties of local government with respect to audits***

*(1) A local government is to do everything in its power to —*

*(a) assist the auditor of the local government to conduct an audit and carry out the auditor's other duties under this Act in respect of the local government; and*

*(b) ensure that audits are conducted successfully and expeditiously.*

*(2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.*

*(3) A local government must —*

*(aa) examine an audit report received by the local government; and*

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

*(b) ensure that appropriate action is taken in respect of those matters.*

***Local Government (Audit) Regulations 1996***

***16. Functions of audit, risk and improvement committee***

*An audit, risk and improvement committee has the following functions —*

*(a) to receive and review reports on, and recommend to the council actions to be taken in relation to —*

*(iii) audits under Part 7 of the Act; and*

*(iii) compliance audits; and*

*(iii) reviews under regulation 17;*

*(a) to otherwise receive and review reports on the appropriateness and effectiveness of, and recommend to the council improvements to, the local government's systems and procedures in relation to —*

*(iii) financial management; and*

*(iii) legislative compliance; and*

*(iii) risk management;*

*(a) to receive and review reports on, and recommend to the council improvements to, the implementation of any actions that the local government —*

*(iv) is required to take under section 7.12A(3); and*

*(iv) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*

*(iv) has otherwise decided to take in response to a report or recommendation referred to in paragraph (a) or (b); and*

*(iv) has stated it has done or proposes to do in written advice prepared under section 8.6(1)(a) or 8.23(4)(a);*

*(a) any other function conferred on the audit, risk and improvement committee under these regulations or another written law.*

**POLICY IMPLICATIONS:**

Nil

**FINANCIAL IMPLICATIONS:**

This item reports on financial processes and systems used by the shire. The recommendation does not in itself have a financial implication.

**STRATEGIC IMPLICATIONS:**

The Shire of West Arthur Strategic Community Plan – Towards 2031 provides:

**Leadership and Management – inspirational, dynamic, transparent**

Outcome 4.3 - Establish and maintain sound business and governance structures

- *Ensure that the local community is provided with value for money through the prudent expenditure of rates.*
- *Provide informed decision making based on our strategic directions and legal requirements and that these are open, transparent and adequately communicated with the community.*
- *Comply with regulations and best practice standards to drive good decision making by Council and Staff*

**RISK IMPLICATIONS:**

***Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of likelihood it may occur and the consequences that may flow from it.*** The consequences may be positive or negative or simply a deviation from the expected. The risk or consequence may be related to health and safety; financial; business or service interruption; compliance; reputation; or the environment. ***Reference to the risk matrix below will generate a risk rating by assessing the likelihood and consequence and multiplying these scores by each other.*** The greater the risk rating, the greater the risk and the higher the need for specific plans to be developed. All items with a risk rating greater than 10 should be added to the Risk Register and specific controls developed.

**Risk Themes:**

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct
- Inadequate safety or security practices
- Inadequate project or change management
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices

- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

**Risk Matrix:**

| **Consequence** | | **Insignificant** | **Minor** | **Moderate** | **Major** | **Catastrophic** |
|---|---|---|---|---|---|---|
| **Likelihood** | | **1** | **2** | **3** | **4** | **5** |
| **Almost Certain** | **5** | Medium (5) | High (10) | High (15) | Extreme (20) | Extreme (25) |
| **Likely** | **4** | Low (4) | Medium (8) | High (12) | High (16) | Extreme (25) |
| **Possible** | **3** | Low (3) | Medium (6) | Medium (9) | High (12) | High (15) |
| **Unlikely** | **2** | Low (2) | Low (4) | Medium (6) | Medium (8) | High (10) |
| **Rare** | **1** | Low (1) | Low (2) | Low (3) | Low (4) | Medium (5) |

| | |
|---|---|
| Description of Key Risk | Deficiencies identified through the interim audit may indicate non-compliance with legislative and regulatory requirements, resulting in penalties, increased scrutiny, and reputational harm. |
| Risk Likelihood (based on history and with existing controls) | Possible (3) |
| Risk Consequence | Moderate (3) |
| Risk Rating (Prior to Treatment or Control): Likelihood x Consequence | Medium (9) |
| Principal Risk Theme | Governance and Compliance |
| Risk Action Plan (Controls or Treatment Proposed) | Management to address all interim audit findings through an action plan, regular monitoring, and continuous improvement of internal controls and compliance processes. |

**VOTING REQUIREMENTS:**

Simple Majority

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**OFFICER RECOMMENDATION:**

That the Committee notes the two (2) matters raised in the Auditors Management Letter for the 2025/2026 Interim Audit.

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## 6 NEW OR URGENT BUSINESS INTRODUCED BY DECISION OF THE MEETING

Nil

## 7 CLOSURE OF MEETING

The Presiding Member to declare the meeting is closed.