



Heart of the Stirlings

MINUTES

Risk and Audit Committee Meeting

13 August 2025
Commencing at 2:30pm

Council Chambers
Yougenup Road, Gnowangerup WA 6335

COUNCIL'S VISION

Gnowangerup Shire –A community where people *stay, grow, and thrive*

RISK AND AUDIT COMMITTEE TERMS OF REFERENCE

Objectives of the Risk and Audit Committee

The primary objective of the Risk and Audit committee is to accept responsibility for the annual external audit and liaise with the local government's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

Reports from the committee will assist Council in discharging its legislative responsibilities of controlling the local government's affairs, determining the local government's policies and overseeing the allocation of the local government's finances and resources. The committee will ensure openness in the local government's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the local government's financial accounting systems and compliance with legislation.

The committee is to facilitate:

- The Risk and Audit committee assists the accountable authority in fulfilling their oversight responsibilities in relation to systems of risk management and internal control, the entity's processes for monitoring compliance with laws and regulations, including the code of conduct, financial and performance reporting and external and internal audit. The Risk and Audit committee is not responsible for the management of these functions.
- the enhancement of the credibility and objectivity of external financial reporting;
- compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
- the provision of an effective means of communication between the external auditor, the CEO and the Council.

Powers of the Risk and Audit Committee

The Risk and Audit committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference. This is in order 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 is a formally appointed committee of council and is responsible to that body. 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 will consist of all elected members of Council. All members shall have full voting rights. The CEO and employees are not members of the committee.

The Deputy CEO will attend meetings, not as a member but to assist the Committee with any queries or requests for information.

The Senior Governance and Risk Management Officer or another nominated staff member will attend meetings to take the minutes.

The Presiding Member and Deputy Presiding Member must be elected in accordance with section 5.12 and Schedule 2.3 of the Act.

Meetings

The committee shall meet at least quarterly.

Additional meetings shall be convened at the discretion of the Presiding Member.

Reporting

Reports and recommendations of each committee meeting shall be presented to the next ordinary meeting of the Council and must be moved by the Presiding Member, or in his/her absence the Deputy Presiding Member, or in both their absences, any other member of the committee.

Functions of the Risk and Audit Committee

Pursuant to Reg. 16 of the *Local Government (Audit) Regulations 1996* an audit committee has the following functions

- a) to guide and assist the local government in carrying out its functions:
 - i. under Part 6 (Financial Management) of the Act; and
 - ii. relating to other audits and other matters related to financial management;
- b) guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 (Audit) of the Act;
- c) review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to:
 - i. report to the council the results of that review; and
 - ii. give a copy of the CEO's report to the council;
- d) monitor and advise the CEO when the CEO is carrying out functions in relation to a review under
 - i. regulation 17(1); and
 - ii. the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);
- e) support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- f) oversee the implementation of any action that the local government:
 - i. is required to take by section 7.12A(3) of the Act; and
 - ii. has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a) of the Act; and
 - iii. has accepted should be taken following receipt of a report of a review conducted

- under regulation 17(1); and
- iv. has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- g) perform any other function conferred on the audit committee by these regulations or another written law.

In accordance with Reg. 14 (3A) of the *Local Government (Audit) Regulations 1996*:

- (3A) *The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.*

Shire of Gnowangerup

NOTICE OF A COMMITTEE MEETING OF COUNCIL

Dear Committee Member

A meeting of the Risk and Audit Committee of the Shire of Gnowangerup will be held on Wednesday, 13 August 2025 at the Council Chambers, Yougenup Road, Gnowangerup WA 6335 commencing at 2:30pm.

Signed



Chiara Galbraith
DEPUTY CHIEF EXECUTIVE OFFICER

Meaning of and CAUTION concerning Council's "In Principle" support:

When Council uses this expression it means that:

- (a) Council is generally in favour of the proposal BUT is not yet willing to give its consent; and*
- (b) Importantly, Council reserves the right to (and may well) either decide against the proposal or to formally support it but with restrictive conditions or modifications.*

Therefore, whilst you can take some comfort from Council's "support" you are clearly at risk if you act upon it before Council makes its actual (and binding) decision and communicates that to you in writing.



DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Gnowangerup for any act, omission or statement or intimation occurring during Council or committee meetings.

The Shire of Gnowangerup disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or committee meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or committee meeting does so at that person's or legal entity's own risk.

In particular and without detracting in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or intimation of approval made by any member or officer of the Shire of Gnowangerup during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Gnowangerup.

The Shire of Gnowangerup advises that anyone who has any application lodged with the Shire of Gnowangerup shall obtain and should only rely on **written confirmation** of the outcome of the application, and any conditions attaching to the decision made by the Shire of Gnowangerup in respect of the application.

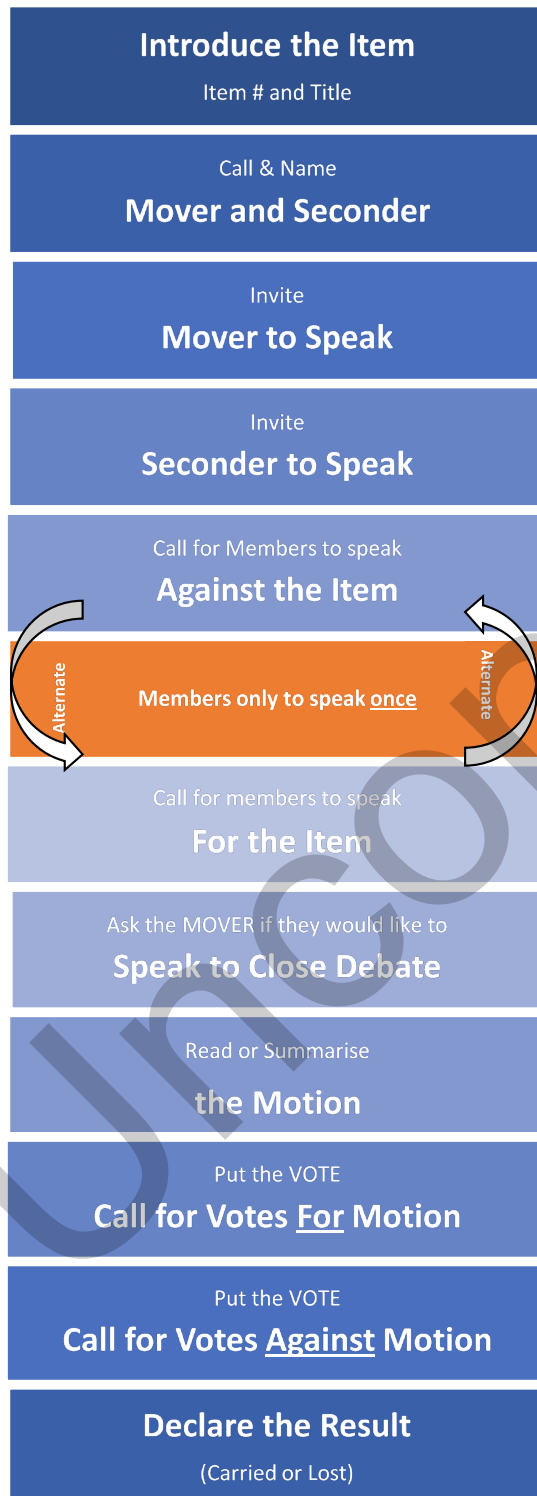
These minutes are not a verbatim record but include the contents pursuant to Regulation 11 of Local Government (Administration) Regulations 1996.

Signed 

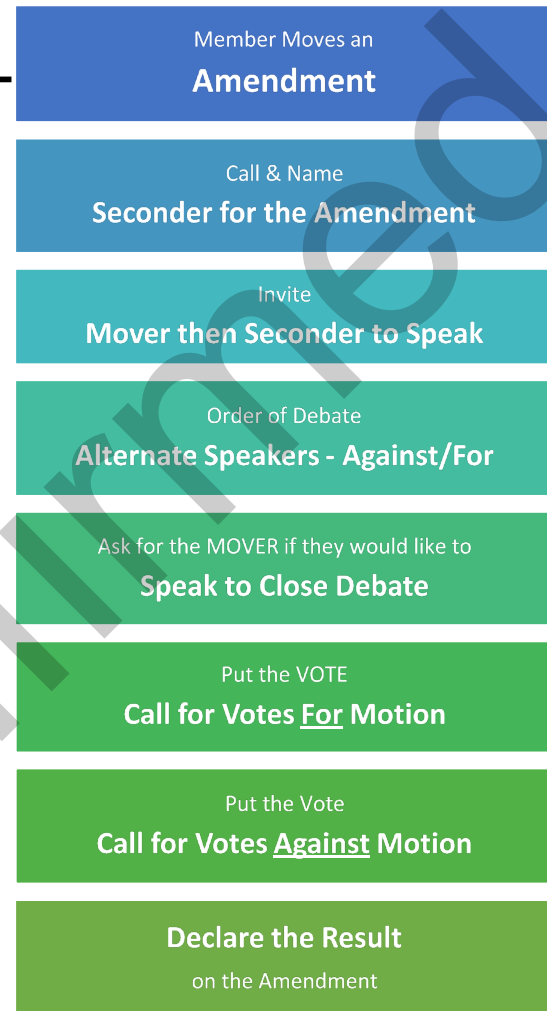
Chiara Galbraith
DEPUTY CHIEF EXECUTIVE OFFICER

Process of Motions

ORIGINAL MOTION



AMENDMENT



ORIGINAL (SUBSTANTIVE) MOTION AMENDED?

NO

Back to
ORIGINAL MOTION
Pick up at same point in the
ORDER OF DEBATE

YES

Motion Amended
and is now the
SUBSTANTIVE MOTION

Slight clarification of wording of motion: A minor amendment of the motion can be done at any time through the President with the approval of the Mover and the Secnder. The Minor amendment must be minuted.

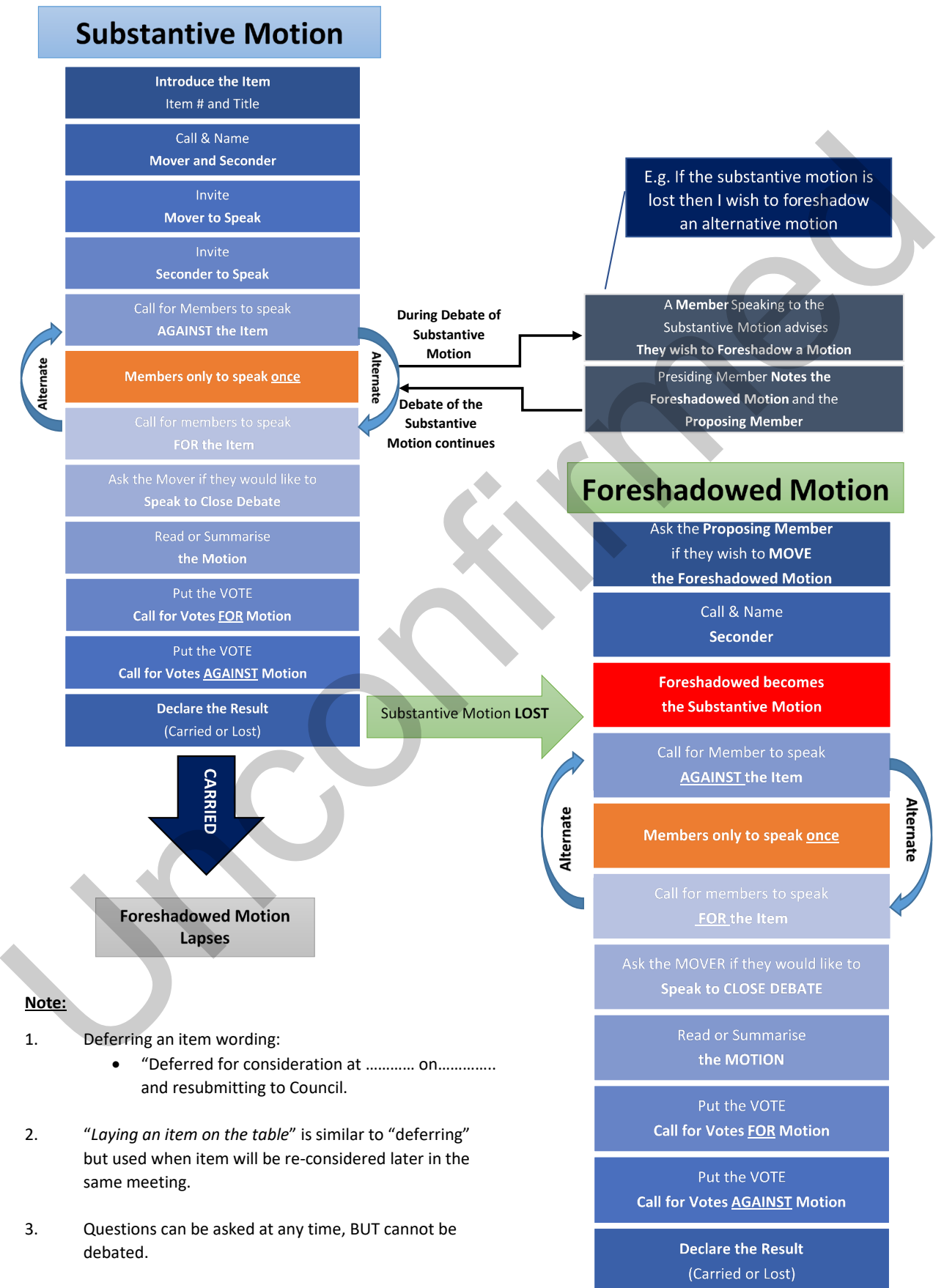


TABLE OF CONTENTS

OPENING PROCEDURES

1. OPENING AND ANNOUNCEMENT OF VISITORS	1
2. ACKNOWLEDGEMENT OF COUNTRY	1
3. ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE	1
3.1. ATTENDANCE	1
3.2. APOLOGIES	1
3.3. APPROVED LEAVE OF ABSENCE	1
4. CONFIRMATION OF PREVIOUS MEETING MINUTES	2
4.1. RISK AND AUDIT COMMITTEE MEETING MINUTES 16 OCTOBER 2024	2
4.2. RISK AND AUDIT COMMITTEE MEETING MINUTES 12 MARCH 2025	2
5. OFFICER ITEMS	3
5.1. REVIEW TERMS OF REFERENCES	3
5.2. REVIEW OF FINANCIAL MANAGEMENT, RISK MANAGEMENT, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS REPORT	12
5.3. AUDIT FINDINGS REGISTER	17
5.4. NON-COMPLIANCE REGISTER REPORT	21
5.5. 2024/2025 INTERIM AUDIT MANAGEMENT REPORT	25
5.6. RECRUITMENT INDEPENDENT MEMBERS FOR AUDIT, RISK AND IMPROVEMENT COMMITTEE	25
6. CLOSURE	32

OPENING PROCEDURES

1. OPENING AND ANNOUNCEMENT OF VISITORS

Deputy Presiding Member, Cr Rebecca O'Meehan welcomed committee members and staff and opened the meeting at 2:30pm.

2. ACKNOWLEDGEMENT OF COUNTRY

The Shire of Gnowangerup would like to acknowledge the Goreng people who are the Traditional Custodians of this land. The Shire of Gnowangerup would also like to pay respect to the Elders both past and present of the Noongar Nation and extend that respect to other Aboriginals present.

3. ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE

3.1 ATTENDANCE

Cr Rebecca O'Meehan

Deputy Presiding Member

Cr Mick Creagh

Cr Lex Martin

Cr Peter Callaghan

Cr Robert Miniter OAM

Cr Shelley Hmeljak

Chiara Galbraith

Deputy Chief Executive Officer

David Nicholson

Chief Executive Officer

Amanda Alderson

Acting Deputy Chief Executive Officer

Anita Finn

Senior Governance and Risk Management Officer

3.2 APOLOGIES

Cr Kate O'Keeffe JP

Cr Rebecca Kiddle

3.2 APPROVED LEAVE OF ABSENCE

Nil

4. CONFIRMATION OF PREVIOUS MEETING MINUTES

4.1 RISK AND AUDIT COMMITTEE MEETING MINUTES 16 OCTOBER 2024

COMMITTEE RESOLUTION

Moved: Cr S Hmeljak

Seconded: Cr L Martin

AC0825.01 That the minutes of the Risk and Audit Committee Meeting held on 16 October 2024 be confirmed as a true record of proceedings.

UNANIMOUSLY CARRIED 6/0

FOR: Cr R O'Meehan, Cr L Martin, Cr M Creagh, Cr P Callaghan, Cr R Miniter, Cr S Hmeljak

AGAINST: Nil

4.2 RISK AND AUDIT COMMITTEE MEETING MINUTES 12 MARCH 2025

COMMITTEE RESOLUTION

Moved: Cr P Callaghan

Seconded: Cr M Creagh

AC0825.02 That the minutes of the Risk and Audit Committee Meeting held on 12 March 2025 be confirmed as a true record of proceedings.

UNANIMOUSLY CARRIED 6/0

FOR: Cr R O'Meehan, Cr L Martin, Cr M Creagh, Cr P Callaghan, Cr R Miniter, Cr S Hmeljak

AGAINST: Nil

5. OFFICER ITEMS

5.1	REVIEW OF THE TERMS OF REFERENCE FOR THE RISK AND AUDIT COMMITTEE
Location:	N/A
Proponent:	N/A
Date of Report:	5 August 2025
Business Unit:	Governance & Strategy
Responsible Officer:	Chiara Galbraith – Deputy Chief Executive Officer
Author:	Anita Finn – Senior Governance & Risk Management Officer
Disclosure of Interest:	Nil

ATTACHMENTS

- DRAFT Amended Terms of Reference for the Audit Committee

PURPOSE OF THE REPORT

For Council's Risk and Audit Committee to accept the review of its Terms of Reference and recommends it to Council for adoption.

BACKGROUND

The last review of the Terms of Reference was adopted by Council in June 2024.

In view of the proposed changes to the Local Government Act 1995 Part 7 Division 1A (Local Government Amendment Act 2024 s87), the Shire has engaged Karen Bateman from Badgemore Consulting to review the current Terms of Reference together with senior staff.

COMMENTS

According to the new provisions, the new title for the audit committee is to be Audit, Risk and Improvement Committee (ARIC). ARIC must have an independent presiding member to ensure a level of neutrality and impartial oversight in chairing these meetings. An independent presiding member must be a person who is not a council member of a local government or an employee of the local government. If a deputy presiding member is appointed, they must also be independent.

The amendment to section 87 has not commenced yet. While there are no requirements for independent members until the commencement date, councils have the option to implement the change earlier.

The most significant changes to the terms of reference which have been reviewed by senior staff are as follows:

- change of the title of the committee from **'Audit Committee'** to **'Audit, Risk and Improvement Committee'**. This is to highlight the oversight obligations of the committee in the risk management of the Shire of Gnowangerup.
- Objectives, administrative matters as well as roles & responsibilities of the ARIC have been updated.
- Meeting frequency from four to minimum three meetings a year.
- The introduction of two Independent Members.

CONSULTATION

Karen Bateman (Badgemore Consulting)

LEGAL AND STATUTORY REQUIREMENTS

Local Government Act 1995

Local Government Regulations (Audit) 1996

Local Government (Functions and General) Regulations 1996

Local Government Amendment Act 2024, s.87

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

The introduction of two independent members when implemented will require the members to be paid. In anticipation of the change this was included in the 2024-2025 adopted budget.

STRATEGIC IMPLICATIONS

As per Council Plan 2025-2035

Theme	Leadership and Governance
Strategy	4.2. An efficient and effective organisation, providing appropriate services to our community.

STRATEGIC RISK MANAGEMENT CONSIDERATIONS

This item has been evaluated against the current Council approved Risk Management Register.

Risk description	Not to accept the amended Terms of Reference
Primary Strategic Risk Category	Adverse Regulatory Change
Primary Strategic Risk Category Description	<ul style="list-style-type: none">• Investigation of Council for non-compliance• Litigation• Reputational damage
Consequence: (Insignificant, Minor, Moderate, Major, Catastrophic)	Moderate
Likelihood: (Almost Certain, Likely, Possible, Unlikely, Rare)	Possible

IMPACT ON CAPACITY

Nil

CONCLUSION

The amendment of the Terms of Reference is a proactive step towards the proposed changes of the Local Government Act 1995 Part 7 Division 1A (Local Government Amendment Act 2024 s87). Therefore it is recommended that the Risk and Audit Committee accepts the review and recommends it to Council for adoption.

VOTING REQUIREMENTS

Simple majority

COMMITTEE RESOLUTION

Moved: Cr S Hmeljak

Seconded: Cr M Creagh

AC0825.03 That the Risk and Audit Committee:

Accepts the amended Terms of Reference and recommends it to Council for adoption.

UNANIMOUSLY CARRIED 6/0

FOR: Cr R O'Meehan, Cr L Martin, Cr M Creagh, Cr P Callaghan, Cr R Minter, Cr S Hmeljak

AGAINST: Nil

Shire of



GNOWANGERUP

BORDEN ♦ GNOWANGERUP ♦ ONGERUP

Heart of the Stirlings

AUDIT, RISK AND IMPROVEMENT COMMITTEE

TERMS OF REFERENCE

Establishment

The Audit, Risk and Improvement Committee (the Committee') is established by the Shire of Gnowangerup (the Shire') in accordance with the *Local Government Act 1995* (the Act').

Objectives of the Audit, Risk and Improvement Committee

The audit committee assists Council in fulfilling their oversight responsibilities in relation to systems of risk management and internal control, the entity's processes for monitoring compliance with laws and regulations, including the code of conduct, financial and performance reporting and external and internal audit. The audit committee is not responsible for the management of these functions.

The Committee will oversee the Shire in carrying out its functions in accordance with the Act and the obligations set out in the subsidiary regulations (Local Government (Audit) Regulations 1996 and the Local Government (Financial Management) Regulations 1996).

Authority

The Committee has the power to:

- 1) Request the CEO to seek information to obtain advice relating to matters presented to the Committee.
- 2) Report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference.

The Committee is a formally appointed committee of Council and is responsible to that body.

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

- 1) Members are appointed to the Committee by Council in accordance with the Act.
- 2) The Committee is to consist of three (3) or more members with at least three (3) or the majority of members to be Council members.
- 3) The Committee can include up to two (2) external members ('Independent Member' - a person who is not a council member or an employee as provided by the with relevant legislation).
- 4) Tenure of membership applies until the next local government ordinary election, in accordance with relevant legislation.

- 5) Council may re-appoint external members of the Committee for consecutive terms.
- 6) Members may resign from the Committee by giving the CEO or the Committee's Presiding Member written notice of their resignation, as permitted under the relevant legislation.
- 7) Council may terminate the membership of any member prior to the expiry of their term if the Council determines a member is:
 - (a) In breach of the Act or the Code of Conduct for Council Members, Committee Members and Candidates,
 - (b) Conducting themselves in a manner which brings the Shire into disrepute, or
 - (c) Failing to make a positive contribution to the Committee.

Meetings

- 1) The quorum for a meeting of the Committee is at least 50% of the number of officers, but in accordance with relevant legislation.
- 2) The appointment of the presiding member and the deputy will be in accordance with relevant legislation.
- 3) Each member of the committee who is present at a meeting is entitled to one vote and must vote, in accordance with relevant legislation.
- 4) If the votes of members present at a meeting are equally divided, the person presiding is to cast a second vote but in accordance with relevant legislation.
- 5) Committee meetings are open to the public in accordance with relevant legislation.
- 6) The Committee shall meet no less than three (3) times a year. The CEO (or their nominee) is to be available to attend meetings. Additional meetings shall be convened at the discretion of the Presiding Member.
- 7) The Committee may meet without management being present.

Code of Conduct

Committee Members must adhere to the Shire's Code of Conduct for Council Members, Committee Members and Candidates.

Administrative Matters

- 1) Reports and recommendations of the Committee will be presented to Council at the next available Ordinary Council Meeting.
- 2) CEO or the Deputy CEO are to provide Governance support and a minute taker for each Committee meeting.
- 3) Minutes will be kept in accordance with the Act.
- 4) Committee Members' interests in matters to be discussed at meetings are to be disclosed in accordance with the Act. Committee Members are to conduct themselves in accordance with the Shire's Standing Orders Local Law and the Shire's Code of Conduct for Council Members, Committee Members and Candidates.
- 5) These Terms of Reference are to be reviewed at least once every two (2) years.

Roles and Responsibilities

The Committee will ensure openness in the Shire's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the Shire's financial accounting systems and compliance with legislation. The Committee is not responsible for the management of these functions.

Reports from the Committee will assist Council in discharging its legislative responsibilities of controlling the local government's affairs, determining the local government's policies and overseeing the allocation of the local government's finances and resources.

The Committee is responsible for advising Council on matters to facilitate their oversight responsibilities in relation to systems of risk management and internal control, the Shire's processes for monitoring compliance with laws and regulations, including the code of conduct, financial and performance reporting and external and internal audit, as well as use of best practice guidelines relative to those matters.

Furthermore, the Committee also has oversight of the following:

- 1) External Audit and Financial Reporting
 - a) Oversee the risks and protection of Council assets to protect the Council against fraud.
 - b) Oversee financial management and implementation of new or replacement Business Systems that have potential to affect services provided by the Shire.
 - c) Monitor compliance within relevant statutory obligations.
 - d) Monitor the implementation of audit recommendations accepted by the Shire.
 - e) Monitor the scope, objectivity, performance, and independence of audit functions.
- 2) Compliance
 - a) Review the annual Compliance Audit Return and report the results to Council.

- b) Review the CEO's Triennial Review in regard to risk management, internal control and legislative compliance, and report the results to Council within the statutory timeframe.
 - c) Review the effectiveness of systems for monitoring compliance with relevant laws, regulations and associated policies.
- 3) Risk Management
- a) Review and endorse the Shire's risk appetite.
 - b) Assist the Shire in ensuring that the enterprise risk management (ERM) framework is adequate, meets the needs of the Shire, and reflects the Shire's risk appetite.
 - c) Consider any emerging risks and report these to Council where appropriate.
 - d) Ensure business continuity and disaster recovery plans are adequate and being reviewed and tested.
- 4) Internal Control Systems
- a) Review the effectiveness of the Shire's internal control framework.
 - b) Review how the Shire identifies changes required to the design or implementation of key internal controls.
 - c) Receive and consider information and advice on fraud strategies and controls.

PROCEDURAL MOTION

Moved: Cr S Hmeljak

Seconded: Cr R Minitier

AC0825.04 That Council:

Closes the meeting to members of the public to discuss items 5.2 to 5.6, as these items are considered confidential pursuant to Section 5.23(2)(f) of the Local Government Act 1995.

UNANIMOUSLY CARRIED BY: 6/0

FOR: Cr R O'Meehan, Cr L Martin, Cr M Creagh, Cr P Callaghan, Cr R Minitier,
Cr S Hmeljak

AGAINST: Nil

5.2	REVIEW OF FINANCIAL MANAGEMENT, RISK MANAGEMENT, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS REPORT
Location:	N/A
Proponent:	N/A
Date of Report:	4 August 2025
Business Unit:	Governance & Strategy
Responsible Officer:	Chiara Galbraith – Deputy Chief Executive Officer
Author:	Anita Finn – Senior Governance & Risk Management Officer
Disclosure of Interest:	Nil

ATTACHMENTS

- Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls Report (Local Government (Audit) Regulations 1996 Reg 17 & Local Government (Financial Management) Regulations 1996 reg 5(2)(c)) **(Confidential)**

PURPOSE OF THE REPORT

For the Risk and Audit Committee to receive and note the 2024 Financial Management, Risk Management, Legislative Compliance and Internal Controls Report and refer it to Council for adoption.

BACKGROUND

Regulation 17(1) of the (Local Government (Audit) Regulations requires the Chief Executive Officer (CEO) of a local government to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:

- (a) Risk management;
- (b) Internal control; and
- (c) Legislative compliance.

Local Government (Financial Management) Regulations 1996 reg 5(2)(c) requires the CEO to examine the appropriateness and effectiveness of the financial management systems and procedures.

The Shire engaged Moore Australia to undertake these two reviews simultaneously, and the result are contained in a single report.

COMMENTS

The previous Financial Management Review Local Government (Financial Management) Regulations 1996 reg 5(2)(c)) was completed in 2021 (received by the Audit Committee in 2022) on Shire's behalf by Avant Edge Consulting.

Tim Partridge of AMD carried out the previous review required by Local Government (Audit) Regulations 1996 Reg 17 in December 2021 (received by the Audit Committee in 2023).

CONSULTATION

Moore Australia

LEGAL AND STATUTORY REQUIREMENTS

Local Government (Audit) Regulations 1996 Reg 17: CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

Local Government (Financial Management) Regulations 1996 reg 5(2)(c): .CEO's duties as to financial management

(2) The CEO is to —

- (a) ensure that the resources of the local government are effectively and efficiently managed; and
- (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
- (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

POLICY IMPLICATIONS

Policy 2.13 Internal Control Policy

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

As per Council Plan 2025-2035

Theme	Leadership and Governance
Strategy	4.2. An efficient and effective organisation, providing appropriate services to our community.

STRATEGIC RISK MANAGEMENT CONSIDERATIONS

This item has been evaluated against the current Council approved Risk Management Register.

Risk description	Not to note the Reg 5 & 17 Review Report and not to recommend the endorsement by Council
Primary Strategic Risk Category	Adverse Regulatory Change
Primary Strategic Risk Category Description	<ul style="list-style-type: none"> Investigation of Council for non-compliance Litigation Reputational damage
Consequence: (Insignificant, Minor, Moderate, Major, Catastrophic)	Catastrophic
Likelihood: (Almost Certain, Likely, Possible, Unlikely, Rare)	Possible

IMPACT ON CAPACITY

Nil

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Nil

CONCLUSION

The recommendation has been made to ensure compliance with the Regulations.

VOTING REQUIREMENTS

Simple Majority

COMMITTEE RESOLUTION

Moved: Cr P Callaghan

Seconded: Cr M Creagh

AC0825.05 That the Risk and Audit Committee

Notes the results of the Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls Report (Local Government (Audit) Regulations 1996 Reg 17 & Local Government (Financial Management) Regulations 1996 reg 5(2)(c)) and recommends this report to Council for endorsement.

UNANIMOUSLY CARRIED 6/0

**FOR: Cr R O'Meehan, Cr L Martin, Cr M Creagh, Cr P Callaghan, Cr R Miniter,
Cr S Hmeljak**

AGAINST: Nil

5.3 AUDIT FINDINGS REGISTER

Location:	N/A
Proponent:	N/A
Date of Report:	04 June 2025
Business Unit:	Corporate and Community Services
Responsible Officer:	Chiara Galbraith – Deputy Chief Executive Officer
Author:	Anita Finn – Senior Governance & Risk Management Officer
Disclosure of Interest:	Nil

ATTACHMENTS

- Audit Findings Register (**Confidential**)

PURPOSE OF THE REPORT

For Council's Audit Committee to receive and note the updated Audit Findings Register.

BACKGROUND

The Audit Committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions.

The Audit Findings Register is designed to assist the Audit Committee monitor the implementation of recommendations from internal and external audits and reviews, including consultant and regulator reports.

The register is based on the Western Australian Public Sector Audit Committees – Better Practice Guide template, published by the Office of the Auditor General (OAG) Western Australia and contains the following Audit Findings/Recommendations:

- Interim & Final Audit 2022/2023 by OAG
- Regulation 17 Review - AMD Chartered Accountants (January 2022)
- Regulation 5 (2) (c) - Financial Management Review - Avant Edge Consulting (November 2021)
- Interim Audit 2023/2024 by OAG (Audit undertaken by AMD Chartered Accountants)
- Final Audit 2023/2024 by OAG (Audit undertaken by AMD Chartered Accountants)

COMMENTS

The Audit Findings Register provides the Audit Committee with a progress report at every Audit Committee meeting on actions taken by management and officers to implement audit recommendations. The information is to help the Audit Committee to monitor the timeliness of agreed actions and understand the reasons for any delay.

CONSULTATION

Nil

LEGAL AND STATUTORY REQUIREMENTS

Local Government Act 1995

Local Government Regulations (Audit) 1996

Local Government (Functions and General) Regulations 1996

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

As per Council Plan 2025-2035

Theme	Leadership and Governance
Strategy	4.2. An efficient and effective organisation, providing appropriate services to our community.

STRATEGIC RISK MANAGEMENT CONSIDERATIONS

This item has been evaluated against the current Council approved Risk Management Register.

Risk description	Not to note the Audit Findings Register
Primary Strategic Risk Category	Adverse Regulatory Change
Primary Strategic Risk Category Description	<ul style="list-style-type: none"> Investigation of Council for non-compliance Litigation Reputational damage
Consequence: (Insignificant, Minor, Moderate, Major, Catastrophic)	Moderate
Likelihood: (Almost Certain, Likely, Possible, Unlikely, Rare)	Possible

IMPACT ON CAPACITY

Moderate: Updating & ensuring progress is made requires responsible, generally senior staff, to action items in a timely manner.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Nil

CONCLUSION

The Audit Findings Register is a beneficial tool to assist the Audit Committee meet their oversight obligations.

VOTING REQUIREMENTS

Simple Majority

COMMITTEE RESOLUTION

Moved: Cr M Creagh

Seconded: Cr L Martin

AC0825.06 That the Risk and Audit Committee

Notes the updated Audit Findings Register.

UNANIMOUSLY CARRIED 6/0

**FOR: Cr R O'Meehan, Cr L Martin, Cr M Creagh, Cr P Callaghan, Cr R Minitier,
Cr S Hmeljak**

AGAINST: Nil

5.4 NON-COMPLIANCE REGISTER REPORT

Location:	N/A
Proponent:	N/A
Date of Report:	5 August 2025
Business Unit:	Strategy & Governance
Responsible Officer:	Chiara Galbraith – Deputy Chief Executive Officer
Author:	Anita Finn – Senior Governance & Risk Management Officer
Disclosure of Interest:	Nil

ATTACHMENTS

- Non-Compliance Register (March 2025 to June 2025) (*confidential*)

PURPOSE OF THE REPORT

To highlight non-compliance and/or emerging trends. The Non-compliance register report includes but not limited to instances like insufficient quotes, retrospective purchase orders, inconsistencies between purchase orders and invoices or the omission of purchase orders for invoices.

BACKGROUND

Butler Settineri (Dry Kirkness) undertook the 2021/2022 Interim Audit on behalf of the OAG in May 2022 and "Inadequate Procurement Practices" was identified as one of 3 moderate risk findings during the audit.

COMMENTS

As a result of the above finding the "Non-Compliance Purchase Order Register" was established in August 2022. The register is used to track instances of non-compliance items providing name of supplier, date of EFT transfer, EFT number, the invoice amount, the date the purchase was order created, and reason why the instance occurred.

Since the creation of the register it has been noted that the Shire's current purchasing policy and procedure is in need of updating to include exemptions for instances where the issue of a purchase order is not possible, i.e. utility accounts, service provision items like media messaging services, postal services, Toll freight charges, etc. that greatly varies month to month, pending on usage.

The Shire's current procedure states that a *"Shire Purchase Order must be used for all purchases except for purchases made by Credit Card or petty cash."*

This non-compliance register has in recent times been expanded to include other non-compliances, and reflect non-compliances.

CONSULTATION

Nil

LEGAL AND STATUTORY REQUIREMENTS

Local Government Act 3.57

Local Government (Functions and General) Regulations – Regulation

11A State Record Act 2000

Shire of Gnowangerup Code of Conduct

Shire of Gnowangerup Purchasing Policy 4.1

Shire of Gnowangerup Purchasing Procedure 4.8

The requirements that must be complied with by the Shire, including purchasing thresholds and processes, are prescribed within the Regulations, and associated purchasing procedures and policies.

POLICY IMPLICATIONS

Shire of Gnowangerup Purchasing Policy 4.1 and Purchasing Procedure 4.8 sets out the process and thresholds to be adhered to. Not following these processes reduces the likelihood the Shire will get value for money and increases the potential for misappropriation of funds.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

As per Council Plan 2025-2035

Theme	Leadership and Governance
Strategy	4.2. An efficient and effective organisation, providing appropriate services to our community.

STRATEGIC RISK MANAGEMENT CONSIDERATIONS

This item has been evaluated against the current Council approved Risk Management Register.

Risk description	Not to note the Non-Compliance Register Report
Primary Strategic Risk Category	Adverse Regulatory Change
Primary Strategic Risk Category Description	<ul style="list-style-type: none">• Investigation of Council for non-compliance• Litigation• Reputational damage
Consequence: (Insignificant, Minor, Moderate, Major, Catastrophic)	Minor
Likelihood: (Almost Certain, Likely, Possible, Unlikely, Rare)	Possible

IMPACT ON CAPACITY

Nil

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Nil

CONCLUSION

The Non-Compliance Register was created to track and address instances of non-compliance to help ensure compliance with the Regulations and the Shire's purchasing policy and procedure.

VOTING REQUIREMENTS

Simple Majority

COMMITTEE RESOLUTION

Moved: Cr S Hmeljak

Seconded: Cr R Minitier

AC0825.07 That the Risk and Audit Committee

Notes the Non-Compliance Register Report for the period (March 2025 to June 2025).

UNANIMOUSLY CARRIED 6/0

**FOR: Cr R O'Meehan, Cr L Martin, Cr M Creagh, Cr P Callaghan, Cr R Minitier,
Cr S Hmeljak**

AGAINST: Nil

5.5	2024/2025 INTERIM AUDIT MANAGEMENT REPORT
Location:	N/A
Proponent:	N/A
Date of Report:	6 August 2025
Business Unit:	Governance & Strategy
Responsible Officer:	Chiara Galbraith – Deputy Chief Executive Officer
Author:	Anita Finn – Senior Governance & Risk Management Officer
Disclosure of Interest:	Nil

ATTACHMENTS

- Office of the Auditor General (OAG) Interim Audit Report FYE 30 June 2025 (Attachment to Management Letter) with Management comments (**confidential**)

PURPOSE OF THE REPORT

For the Audit Committee to note the results of the 2024/2025 Interim Audit and recommend that Council endorses the Interim Audit Management Report dated 30 June 2025 and the responses of management.

BACKGROUND

The *Local Government Act 1995* (LGA) requires the accounts and annual financial report of a local government for each financial year to be audited by an auditor appointed by the Office of the Auditor General (OAG). The annual audit is conducted in two parts – an interim audit undertaken prior to the end of the financial year or start of the new financial year and the final audit which is undertaken on the completion of the draft annual financial statement.

The focus of the interim audit is to evaluate the Shire's overall control environment, and to obtain an understanding of the key business processes, risks and internal controls relevant to the forthcoming audit of the Shire's annual financial report.

COMMENTS

AMD Chartered Accountants undertook the 2024/2025 Interim Audit on behalf of the OAG in July 2024. Details of the findings and subsequent responses from management can be found in the attached Interim Audit Management Report.

Management has addressed the findings in their management responses as included in the Report.

CONSULTATION

Nil

LEGAL AND STATUTORY REQUIREMENTS

Local Government Act 1995

Section 7.2. Audit

POLICY IMPLICATIONS

Policy 2.13 Internal Control Policy

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

As per Council Plan 2025-2035

Theme	Leadership and Governance
Strategy	4.2. An efficient and effective organisation, providing appropriate services to our community.

STRATEGIC RISK MANAGEMENT CONSIDERATIONS

This item has been evaluated against the current Council approved Risk Management Register.

Risk description	Not to note the Interim Audit Report and Management comments and not to recommend the endorsement by Council
Primary Strategic Risk Category	Adverse Regulatory Change
Primary Strategic Risk Category Description	<ul style="list-style-type: none">• Investigation of Council for non-compliance• Litigation• Reputational damage
Consequence: (Insignificant, Minor, Moderate, Major, Catastrophic)	Moderate
Likelihood: (Almost Certain, Likely, Possible, Unlikely, Rare)	Possible

IMPACT ON CAPACITY

Moderate impact on capacity due to nature of recommendations and staff capability to implement changes.

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

Nil

CONCLUSION

The recommendation has been made to ensure compliance with the LG Act and Regulations.

VOTING REQUIREMENTS

Simple Majority

COMMITTEE RESOLUTION

Moved: Cr S Hmeljak

Seconded: Cr L Martin

AC0825.08 That the Audit Committee:

Notes the results of the 2024/2025 Interim Audit and recommends that Council endorses the Interim Audit Management Report for the period ending 30 June 2025 from the Office of the Auditor General and the Management comments as included.

UNANIMOUSLY CARRIED 6/0

FOR: Cr R O'Meehan, Cr L Martin, Cr M Creagh, Cr P Callaghan, Cr R Minitier,
Cr S Hmeljak

AGAINST: Nil

5.6	RECRUITMENT INDEPENDENT MEMBERS FOR AUDIT, RISK AND IMPROVEMENT COMMITTEE
Location:	N/A
Proponent:	N/A
Date of Report:	6 August 2025
Business Unit:	Governance & Strategy
Responsible Officer:	David Nicholson – Chief Executive Officer
Author:	Anita Finn – Senior Governance & Risk Management Officer
Disclosure of Interest:	Nil

ATTACHMENTS

- Attachment 1: Expression Of Interest documents of all interviewed applicants (**confidential**)
- Attachment 2: Interview questions (**confidential**)
- Attachment 3: Summary of applicants shortlisted for the Independent Members for the Audit, Risk and Improvement Committee (**confidential**)

PURPOSE OF THE REPORT

That the Risk and Audit Committee

- notes the confidential attached documents, and
- agrees to proceed with informal interviews, to be conducted by the Committee, with the listed applicants, and
- Directs the Chief Executive Officer to present a report to Council recommending the appointment of the two applicants selected by the Audit, Risk and Improvement Committee (ARIC) as Independent Members, following the completion of the informal interviews conducted by the Committee.

BACKGROUND

In accordance with the proposed changes to the Local Government Act 1995, Part 7 Division 1A (as introduced by the Local Government Amendment Act 2024, Section 87), local governments are required to establish an Audit, Risk and Improvement Committee (ARIC) and appoint two independent members to serve as the Presiding Member and Deputy Presiding Member.

The Shire advertised an Expression of Interest for these positions and received eight applications. Interviews were conducted with five suitable candidates. Attachment 3 provides a summary of three interviewed applicants shortlisted for consideration.

It is proposed that the Committee invites the shortlisted applicants to an informal meeting via Microsoft Teams, to be conducted by the Committee, for the purpose of determining the two preferred candidates. Following this process, the Committee will advise the CEO of its recommended appointments.

COMMENTS

The amendment to the Local Government Act 1995, Part 7 Division 1A has not commenced yet. While there are no requirements for Independent Members until the commencement date, councils have the option to implement the change earlier.

CONSULTATION

Nil

LEGAL AND STATUTORY REQUIREMENTS

Local Government Act 1995

Local Government Regulations (Audit) 1996

Local Government (Functions and General) Regulations 1996

Local Government Amendment Act 2024, s.87

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

The introduction of two Independent Members will require payment for their participation. In accordance with the Salaries and Allowances Tribunal's *'Local Government Chief Executive Officers and Elected Council Members Determination'* Independent Members are currently entitled to a meeting fee of \$450.00, along with reimbursement for expenses to attend the committee meetings. Anticipating this change, the associated costs have been incorporated into the adopted 2025–2026 budget.

STRATEGIC IMPLICATIONS

As per Council Plan 2025-2035

Theme	Leadership and Governance
Strategy	4.2. An efficient and effective organisation, providing appropriate services to our community.

STRATEGIC RISK MANAGEMENT CONSIDERATIONS

This item has been evaluated against the current Council approved Risk Management Register.

Risk description	Not to accept the shortlisted applicants for the Independent Members positions
Primary Strategic Risk Category	Adverse Regulatory Change
Primary Strategic Risk Category Description	<ul style="list-style-type: none"> • Investigation of Council for non-compliance • Litigation • Reputational damage
Consequence: (Insignificant, Minor, Moderate, Major, Catastrophic)	Moderate
Likelihood: (Almost Certain, Likely, Possible, Unlikely, Rare)	Possible

IMPACT ON CAPACITY

Nil

CONCLUSION

The recruitment of the Independent Members is a proactive step towards the proposed changes of the Local Government Act 1995 Part 7 Division 1A (Local Government Amendment Act 2024 s87). It is therefore recommended that the Risk and Audit Committee supports the proposal.

VOTING REQUIREMENTS

Simple majority

COMMITTEE RESOLUTION

Moved: Cr P Callaghan

Seconded: Cr R Minter

AC0825.09 That the Risk and Audit Committee:

- 1. Notes the confidential attached; and**
- 2. Agrees to proceed with informal interviews, to be conducted by the Committee, with the shortlisted applicants; and**
- 3. Directs the Chief Executive Officer to present a report to Council recommending the appointment of the two applicants selected by the Audit, Risk and Improvement Committee (ARIC) as Independent Members, following the completion of the informal interviews conducted by the Committee.**

UNANIMOUSLY CARRIED 6/0

FOR: Cr R O'Meehan, Cr L Martin, Cr M Creagh, Cr P Callaghan, Cr R Minter,
Cr S Hmeljak

AGAINST: Nil

PROCEDURAL MOTION

Moved: Cr S Hmeljak

Seconded: Cr M Creagh

AC0825.10 That Council:

Reopens the meeting to members of the public.

UNANIMOUSLY CARRIED 6/0

**FOR: Cr R O'Meehan, Cr L Martin, Cr M Creagh, Cr P Callaghan, Cr R Miniter,
Cr S Hmeljak**

AGAINST: Nil

The Presiding Member announced the resolutions and results.

6. CLOSURE

There being no further business, Deputy Presiding Member Rebecca O'Meehan thanked committee members and staff and closed the meeting at 3:07pm.