

SHIRE OF WYNDHAM EAST KIMBERLEY

Audit, Risk and Improvement Committee Agenda

9 March 2026



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**SHIRE OF WYNDHAM EAST KIMBERLEY
AUDIT, RISK AND IMPROVEMENT COMMITTEE
AGENDA
KUNUNURRA COUNCIL CHAMBERS
TO BE HELD ON 9 MARCH 2026 AT 5:00PM**

1. DECLARATION OF OPENING

Members of the Public are advised that recommendations to Council contained within this Agenda and decisions arising from the Committee meeting can be subject to alteration.

Applicants and other interested parties should refrain from taking any action until such time as written advice is received confirming Council's decision with respect to any particular issue.

An audio and/or video record will be made of these proceedings to assist in the taking of minutes.

2. RECORD OF ATTENDANCE / APOLOGIES

3. PUBLIC QUESTION TIME / PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

4. DECLARATION OF INTEREST

5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

6. DEPUTATIONS / PRESENTATIONS / SUBMISSIONS / NOTICES OF MOTIONS

7. REPORTS

7.1. AUDIT - MATTERS RAISED IN THE ANNUAL FINANCIAL REPORT & MANAGEMENT RESPONSES

AUTHOR:	Manager Finance
RESPONSIBLE OFFICER:	Alexandra Bell, Director Corporate Services
FILE NO:	FM.02.8
DISCLOSURE OF INTERESTS:	Nil
COUNCIL'S ROLE IN THE MATTER:	Leader - plan and provide direction through policy and practices
VOTING REQUIREMENT:	Simple Majority

OFFICER'S RECOMMENDATION

That the Audit Risk and Improvement Committee recommend that Council note the management responses to the matters identified in the 2024/25 audit process as outlined in this report.

PURPOSE

To present managements responses to the audit closing report for the financial year ending 30 June 2025. The report provides observations and recommendations from the final audit held in September 2025 and supports continued improvements in financial governance and internal controls.

BACKGROUND / PREVIOUS CONSIDERATIONS BY COUNCIL OR COMMITTEE

Under the *Local Government Act 1995*, the Office of the Auditor General is responsible for appointing an auditor to conduct the Shire's annual financial audit. RSM Australia was appointed to undertake the audit of the Shire's financial statements for the year ended 30 June 2025.

The audit process included an assessment of the Shire's financial statements, financial systems, internal controls and compliance with relevant legislative requirements. The purpose of the audit is to provide assurance over the accuracy of the financial report and the effectiveness of key governance and control frameworks.

The Audit Risk and Improvement Committee has previously considered matters arising from the audit process and continues to monitor management responses in line with its oversight responsibilities under the Act.

COMMENTS

The Office of the Auditor General, through its appointed contractor RSM Australia, has completed the Shire's financial audit for the year ended 30 June 2025. An unqualified audit opinion was issued on 25 November 2025, confirming that the financial report presents fairly, in all material respects, the results of the Shire's operations and its financial position in

accordance with the *Local Government Act 1995* and applicable Australian Accounting Standards

One procedural compliance matter was identified during the audit. The finding was rated as moderate in nature and did not impact the audit opinion. The matter relates to documentation practices rather than financial misstatement.

Management has developed and commenced implementation of a structured response to address the finding. This includes procedural refinements, system improvements where appropriate, targeted staff training, and internal compliance review processes. An implementation plan has been established to ensure the agreed actions are completed and embedded into practice.

The Audit Risk and Improvement Committee will continue to oversee progress against the agreed actions as part of its governance and oversight responsibilities.

Overall, the audit outcome indicates that the Shire's financial reporting framework and control environment are operating effectively, with no significant issues identified.

STATUTORY IMPLICATIONS

[Section 7.12A\(4\) of the *Local Government Act 1995*](#) requires a local government to address any matters identified in an auditor's report and provide a response to the Minister.

[Section 6.4 of the *Local Government Act 1995*](#) requires a local government to prepare an Annual Report for the preceding financial year and such other financial reports as prescribed.

[Section 7.9 of the *Local Government Act 1995*](#) outlines the requirements for an auditor's report on a local government's accounts and annual financial report

[Regulation 10 of the *Local Government \(Audit\) Regulations 1996*](#) prescribes the form and content of the auditor's opinion, including whether the financial report is in accordance with the Act and applicable Australian Accounting Standards.

POLICY IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

This matter relates to the following sections of the *Strategic Community Plan 2023-2033*:

Focus Area: SUSTAINABILITY

Goal 10: Community-driven Leadership - Leaders work with the community to develop and implement change in delivering positive outcomes

Goal Outcome 10.4: Innovation - Embrace technology, creativity and innovation to solve complex problems

Strategy 10.4: Integrate all planning and resource management to drive continuous improvement and innovation

RISK IMPLICATIONS

Risk: Failure to manage the disbursement of funds to meet the needs of the Shires forward planning requirements, including the Strategic Community Plan, Corporate Business Plan, Long Term Financial Plans and Annual Budget.

Control: The audit process supports continuous improvement by identifying areas for attention ahead of the final audit. Management has taken proactive steps to address the matter identified. Oversight will continue through regular reporting to the Executive and Audit Committees.

FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report. The matters identified through the audit process do not impact the Shire's financial position.

Current and Future Asset Considerations

Nil applicable to this report

COMMUNITY ENGAGEMENT

The Shire of Wyndham East Kimberley's POL-3000 Community Engagement Policy has been considered in relation to this item. No community engagement is required.

ATTACHMENTS

1. Confidential Attachment 1 - Shire of Wyndham East Kimberly - Closing Report (30 June 2025) (Final)
2. Confidential Attachment 2 - Management Response to Audit Closing Report

7.2. AUDIT - AUDIT REGULATION 17 AND FINANCIAL MANAGEMENT REGULATION 5(2)(C) REPORT

AUTHOR:	Manager Finance
RESPONSIBLE OFFICER:	Vernon Lawrence, Chief Executive Officer
FILE NO:	CM.01.1
DISCLOSURE OF INTERESTS:	Nil
COUNCIL'S ROLE IN THE MATTER:	Regulator - enforce state legislation and local laws
VOTING REQUIREMENT:	Simple Majority

OFFICER'S RECOMMENDATION

That the Audit Risk and Improvement Committee recommends that Council notes the progress report on the implementation of action items arising from the 2025 statutory compliance reviews undertaken in accordance with Regulation 17 of the *Local Government (Audit) Regulation 1996* and Regulation 5(2)(c) *Local Government (Financial Management) Regulations 1996*.

PURPOSE

The purpose of this report is to update the Audit Risk and Improvement Committee on the Shire's progress in addressing findings from the 2025 statutory compliance reviews conducted in accordance with:

- Regulation 17 of the *Local Government (Audit) Regulations 1996*, which requires a review of the appropriateness and effectiveness of risk management, internal control, and legislative compliance systems.
- Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*, which requires a review of the appropriateness and effectiveness of financial management systems and procedures.

This progress report outlines the status of implementation activities, timelines, and key developments. It supports the Audit (Finance and Risk) Committee's oversight function and demonstrates improvements made to ensure the Shire meets its legislative obligations.

BACKGROUND / PREVIOUS CONSIDERATIONS BY COUNCIL OR COMMITTEE

The Shire engaged Stantons International to undertake statutory compliance reviews under:

- Regulation 17 of the *Local Government (Audit) Regulations 1996*.
- Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.

The findings and recommendations arising from these reviews were presented at the Audit (Finance and Risk) Committee meeting held on 4 March 2025. Following consideration by the Audit Risk and Improvement Committee, Council adopted the Committee's recommendations at the Ordinary Council Meeting held 25 March 2025 (Resolution 0303/2025).

A management progress report on the implementation of the audit recommendations was first presented to the Audit Risk and Improvement Committee in March 2025. Subsequent updates have been provided at each intervening Audit Risk and Improvement Committee meeting to ensure ongoing oversight and monitoring of progress.

This report provides a progress update on the implementation of the recommendations.

COMMENTS

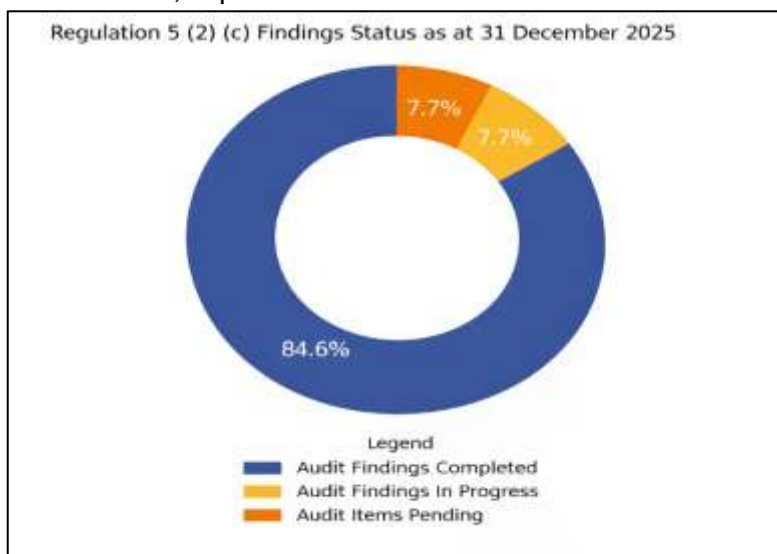
The Shire has commenced the implementation of actions arising from the statutory compliance reviews. These actions aim to strengthen legislative compliance, and improve governance, internal control processes, and the effectiveness of financial management systems.

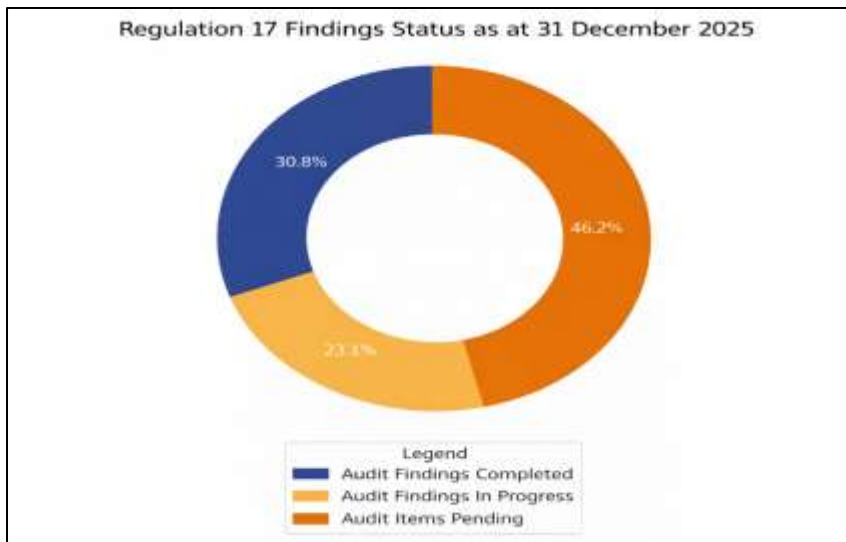
Implementation efforts to date include:

- Reviewing and updating key operational policies and procedures.
- Updating internal controls, particularly in relation to asset management and system access.
- Integrating compliance improvements into broader organisational reform and improvement initiatives.

Several actions have been completed, while others are scheduled for implementation in future reporting periods, depending on available resources and alignment with related projects. Some recommendations have been incorporated into existing strategic initiatives to maximise efficiency and minimise duplication.

This progress report demonstrates the Shire's commitment to good governance and continuous improvement. A detailed status update for each action item, including responsible officers and revised timelines, is provided in Confidential Attachment 7.1.





STATUTORY IMPLICATIONS

[Regulation 17 of the Local Government \(Audit\) Regulations 1996](#)

[Regulation 5 of the Local Government \(Financial Management\) Regulations 1996](#)

POLICY IMPLICATIONS

The Following Policies are relevant to this report:

- POL-1005 Code of Conduct for Council Members, Committee Members and Candidates for Local Government Elections.
- POL-1011 Risk and Opportunity Management Policy.
- POL-2009 Sundry Debt Collection Policy
- POL-2014 Information Management & ICT Acceptable Use Policy.
- REG-1001 Delegations Register.

STRATEGIC IMPLICATIONS

This matter relates to the following sections of the *Strategic Community Plan 2023-2033*:

Focus Area: SUSTAINABILITY

Goal 10: Community-driven Leadership - Leaders work with the community to develop and implement change in delivering positive outcomes

Goal Outcome 10.4: Innovation - Embrace technology, creativity and innovation to solve complex problems

Strategy 10.4: Integrate all planning and resource management to drive continuous improvement and innovation

RISK IMPLICATIONS

Risk: Failure to manage the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance.

Control: Review policies and procedures in accordance with the review schedule and complete the statutory compliance review under Audit Regulation 17 and Financial Management Regulation 5(2)(c). The implementation of the recommendations allows for continuous improvement.

FINANCIAL IMPLICATIONS

The cost of Stantons conducting the previous review and the preparation of the report was \$27,720 excl. GST.

CURRENT AND FUTURE ASSET CONSIDERATIONS

- **Asset Management:** The absence of a formal process for asset acquisition, disposal, and stock take increases the risk of financial mismanagement.
- **Financial Systems:** The SynergySoft system requires better alignment with delegations and more controlled access to payroll and finance data.

COMMUNITY ENGAGEMENT

No community engagement is required.

ATTACHMENTS

1. Confidential Attachment 1 - Regulation 5 Management Update
2. Confidential Attachment 2 - Regulation 17 Management Update

7.3. FINANCE - USE OF DELEGATED AUTHORITY

AUTHOR	Manager Finance
RESPONSIBLE OFFICER:	Alexandra Bell, Director Corporate Services
FILE NO:	Nil
DISCLOSURE OF INTERESTS:	Nil
COUNCIL'S ROLE IN THE MATTER:	Leader - plan and provide direction through policy and practices
VOTING REQUIREMENT:	Simple Majority

OFFICER'S RECOMMENDATION

That the Audit Risk and Improvement Committee recommend that Council note the report relating to the exercise of Delegation 1.2.26 – Defer, Grant Discounts, Waive or Write Off Debts.

PURPOSE

To inform the Audit Risk and Improvement Committee of the exercise of delegated authority by the Chief Executive Officer, Director Corporate Services and Manager Finance to waive interest charges on an overdue rate account in accordance with Delegation 1.2.26.

BACKGROUND / PREVIOUS CONSIDERATIONS BY COUNCIL OR COMMITTEE

In accordance with section 6.12(1)(b) and (c) of the *Local Government Act 1995*, the Chief Executive Officer and Director Corporate Services may use delegated authority, under Delegation 1.2.26, to waive debts, grant concessions, and write off monies owed to the Shire of Wyndham East Kimberley. They may waive fees and charges where necessary to rectify a Shire service failure, or to assist a not-for-profit community group or charitable entity in fulfilling a social, cultural or community service within the district.

Delegation 1.2.26 can be used to waive a maximum of \$2,000 per individual debt or customer per year. The exercise of this delegation is required to be reported to the Audit (Finance & Risk) Committee.

COMMENTS

During the reporting period, the Director Corporate Services and the Manager Finance exercised authority delegated under Delegation 1.2.26 to waive minor charges on several rates accounts.

The total value waived was \$2,641.27 across ten assessments for the period November 2025 to January 2026 during the 2025/26 financial year. All ten waivers were approved within

delegated financial limits. In all ten instances the estimated cost of recovery exceeded the value of the amount waived.

No waivers during this period were issued under the service failure or community group assistance criteria. All write-offs under \$2,000 were made based on economic unviability of recovery, consistent with clause (a) of the delegation conditions.

STATUTORY IMPLICATIONS

[Section 6.12\(1\)\(B\) of the Local Government Act 1995](#) permits a Local Government may waive or write off an amount of money.

[Section 5.44 of the Local Government Act 1995](#) allows the CEO to sub-delegate powers and duties to other employees.

POLICY IMPLICATIONS

POL 2016 Financial Hardship – Rates and Sundry Debtors
POL 2007 Rates and Charges Debt Collection

STRATEGIC IMPLICATIONS

This matter relates to the following sections of the *Strategic Community Plan 2023-2033*:

Focus Area: SUSTAINABILITY

Goal 10: Community-driven Leadership - Leaders work with the community to develop and implement change in delivering positive outcomes

Goal Outcome 10.3: Advocacy - Strong and consistent advocacy for local needs and priorities

Strategy 10.4: Integrate all planning and resource management to drive continuous improvement and innovation

RISK IMPLICATIONS

Risk: Failure to adequately resource and manage funding requirements which meet the needs of the Shire's service delivery requirements and strategic objectives.

Control: Delegated authority enables prompt and cost-effective resolution of minor debtor issues, preserving resources for larger recoveries and supporting fair community outcomes.

FINANCIAL IMPLICATIONS

A total of \$2,641.27 was waived under Delegation 1.2.26 during the period of 1 November 2025 to 31 January 2026. All of these were minor charges added during the year, such as interest, extra waste collections, and bin repairs.

Current and Future Asset Considerations

Nil

COMMUNITY ENGAGEMENT

No community engagement is required.

ATTACHMENTS

1. Confidential Attachment 1 - Write Off Register 31 Jan 2026

7.4. FINANCE - QUARTERLY FINANCIAL REPORT

AUTHOR:	Manager Finance
RESPONSIBLE OFFICER:	Alexandra Bell, Director Corporate Services
DISCLOSURE OF INTERESTS:	Nil
COUNCIL'S ROLE IN THE MATTER:	Regulator - enforce state legislation and local laws
VOTING REQUIREMENT:	Simple Majority

OFFICER'S RECOMMENDATION

That the Audit Risk and Improvement Committee recommend that Council receives the Quarterly Financial Report for the period ended 31 December 2025.

PURPOSE

The purpose of this report is to present the Audit Risk and Improvement Committee with the Shire's unaudited Quarterly Financial Report, highlighting material variances and key financial management risks. This quarterly review forms part of the year-end process and supports oversight of financial sustainability, infrastructure investment, and performance against budget.

BACKGROUND / PREVIOUS CONSIDERATIONS BY COUNCIL OR COMMITTEE

Quarterly financial reporting is a mechanism to provide transparency and oversight of the Shire's financial position, performance against budget, and management of material variances.

Regular review supports early identification of risks or emerging financial issues.

COMMENTS

Please note that Quarterly Financial Statements are not audited and subject to change.

The Quarterly Financial Report includes:

- Statement of Financial Activity for the Quarter
- Financial Trend Analysis
- Financial Ratio Analysis
- Statement of Financial Position
- Commentary on significant financial risks or emerging issues.

During the second quarter of the 2025–26 financial year:

- Net assets increased by approximately \$19.2 million over the quarter, bringing total equity to \$368.5 million. A significant portion of this movement relates to the finalisation of the 2024–25 financial year accounts and associated year-end adjustments.
- Cash and cash equivalents remain strong at \$51.9 million, largely due to the receipt of advance capital grant funding. These balances are expected to reduce progressively as capital projects advance and funds are expended.
- Operating income increased compared to the same quarter last year, primarily driven by higher operating grants, solid rates revenue, and continued strength in airport and waste service fees.
- Operating expenditure increased, largely due to higher employee costs and materials and contracts expenditure associated with delivering the expanded capital works program and ongoing maintenance requirements.
- The operating profit margin remained strong at 42%, only marginally below the prior year, indicating continued operating efficiency despite cost pressures.
- The asset sustainability ratio increased significantly from 0.79 to 5.03, reflecting substantial renewal and construction activity funded largely through external grants.
- The own source revenue ratio declined from 0.92 to 0.87, reflecting a higher proportion of operating revenue derived from Financial Assistance Grants during the quarter due to allocation levels and timing of advance payments.
- The rates coverage ratio decreased from 0.59 to 0.55 as total operating revenue, particularly grant income, grew at a faster rate than general rates revenue.

Overall, the Shire remains in a sound financial position, supported by strong liquidity, a healthy operating result, and significant progress in delivering grant-funded infrastructure projects. While several balance sheet movements reflect year-end finalisation adjustments, continued attention to cost management, revenue composition, and capital delivery will support financial sustainability through the remainder of 2025–26.

STATUTORY IMPLICATIONS

[Regulation 34 of the *Local Government \(Financial Management\) Regulations 1996*](#)

[Regulation 16 of the *Local Government \(Audit\) Regulations 1996*](#)

POLICY IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

This matter relates to the following sections of the *Strategic Community Plan 2023-2033*:

Focus Area: SUSTAINABILITY

Goal 10: Community-driven Leadership - Leaders work with the community to develop and implement change in delivering positive outcomes

Goal Outcome 10.4: Innovation - Embrace technology, creativity, and innovation to solve complex problems

Strategy 10.4: Integrate all planning and resource management to drive continuous improvement and innovation

RISK IMPLICATIONS

Risk: Failure to manage the disbursement of funds to meet the needs of the Shires forward planning requirements, including the Strategic Community Plan, Corporate Business Plan, Long Term Financial Plans and Annual Budget.

Control: Monthly, Quarterly and Annual finance reports. Department specific Budget to Actual reports. Emerging issues flagged in this quarter include advance grant receipt timing and the continued gap between asset depreciation and renewal expenditure.

FINANCIAL IMPLICATIONS

This report outlines preliminary first-quarter results, including a \$4.48 million net asset increase and \$6.3 million growth in reserves. These figures are unaudited and remain subject to final audit adjustments.

Current and Future Asset Considerations

The asset sustainability ratio rose from 2.21 to 5.77, driven by one-off grant-funded renewals. While this shows strong short-term investment, future budgets must prioritise ongoing asset renewal funding to ensure long-term sustainability.

COMMUNITY ENGAGEMENT

No community engagement is required.

ATTACHMENTS

1. Confidential Attachment 1 - December Quarterly Financial Report

7.5. RISK - INTERNAL REVIEW PROGRAM (INTERNAL CONTROLS & IMPROVEMENTS)

AUTHOR:	Director Corporate Services
RESPONSIBLE OFFICER:	Alexandra Bell, Director Corporate Services
DISCLOSURE OF INTERESTS:	Nil
COUNCIL'S ROLE IN THE MATTER:	Regulator – Responsible for the enforcement of statutory requirements
VOTING REQUIREMENT:	Simple Majority

OFFICER'S RECOMMENDATION

That the Audit, Risk and Improvement Committee recommends that Council:

1. Notes the updated register of exempt and non-rateable properties, prepared in accordance with section 6.26 of the *Local Government Act 1995* and the Shire's POL-2005 Rates Exemptions for Charitable Organisations (Non-Rateable Land) Policy.
2. Notes that Administration will communicate with affected ratepayers regarding any changes to rate status, with communication undertaken in accordance with the principles of POL-3000 Community Engagement.

PURPOSE

To provide the Audit Risk and Improvement Committee with an update on the commencement of the Shire's review of exempt and non-rateable properties.

BACKGROUND / PREVIOUS CONSIDERATIONS BY COUNCIL OR COMMITTEE

Section 6.26 of the *Local Government Act 1995* identifies categories of land that are not rateable, including land used exclusively for charitable purposes, Crown land held for public use, and land otherwise exempt under written law.

Over time, various properties within the Shire have been recorded as exempt or non-rateable. In line with good governance practice, the Shire has initiated a structured review to confirm the ongoing validity of each classification and ensure compliance with section 6.26 and relevant policies.

This review forms part of the Shire's broader financial governance framework and aligns with the requirements of Part 6 of the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*.

COMMENTS

The review involves a systematic examination of all properties recorded as exempt or non-rateable within the district. The process includes:

- Cross-checking each exemption against the statutory and policy provisions that permit it.
- Verifying supporting documentation such as leases, land use statements and correspondence from government agencies or charitable organisations.
- Identifying records that require clarification, updated evidence or reassessment.
- Maintaining and progressively updating a centralised Rates Exemption and Non-Rateable Properties Register to record outcomes and track compliance status.

Since commencement of the review, the register has been expanded to incorporate additional properties identified through internal records and data reconciliation.

Further verification and, where required, correspondence with property owners or relevant agencies will continue as part of the ongoing review process.

Any amendments to the rate record arising from this review will be reported to Council in accordance with section 6.39 of the *Local Government Act 1995*.

STATUTORY IMPLICATIONS

[Section 6.26 of the Local Government Act 1995](#) requires all land to be rateable unless it falls into a statutory exemption (e.g. Crown land for public use, charitable use, written law exemption).

[Section 6.39 of the Local Government Act 1995](#) requires the Shire to compile and maintain a rate record as soon as practicable after resolving to impose rates each financial year, including classifications of all rateable and non-rateable land.

[Regulation 55 of the Local Government \(Financial Management\) Regulations 1996](#) requires the Shire to maintain accurate rate records, including exempt and non-rateable land. The Shire is progressing a structured review of these classifications to ensure ongoing compliance.

POLICY IMPLICATIONS

POL-2005 [Rates Exemptions for Charitable Organisations \(Non-Rateable Land\)](#)

STRATEGIC IMPLICATIONS

This matter relates to the following sections of the Strategic Community Plan 2023-2033:

Focus Area: SUSTAINABILITY

Goal 10: Community-driven Leadership - Leaders work with the community to develop and implement change in delivering positive outcomes

Goal Outcome 10.4: Innovation - Embrace technology, creativity and innovation to solve complex problems

Strategy 10.4: Integrate all planning and resource management to drive continuous improvement and innovation

RISK IMPLICATIONS

Risk Failure to adequately resource and manage funding requirements which meet the needs of the Shire's service delivery requirements and strategic objectives.

Control: Implementation of a structured review program, legal and policy verification where required, and establishment of a centralised exemption register subject to ongoing oversight by the Audit Risk and Improvement Committee. Regulation 55 of the Local Government (Financial Management) Regulations 1996 requires the Shire to maintain accurate rate records, including exempt and non-rateable land. The Shire is progressing a structured review of these classifications to ensure ongoing compliance.

FINANCIAL IMPLICATIONS

The review may identify properties that no longer meet exemption criteria, potentially resulting in additional rate revenue in future years. Any legal or administrative costs associated with verification will be managed within the existing budget allocation.

Current and Future Asset Considerations

Nil

COMMUNITY ENGAGEMENT

No community engagement is required.

ATTACHMENTS

1. Confidential Attachment 1 - Rates Exemption Register 17-11-2025

7.6. RISK - STRATEGIC RISK REVIEW

AUTHOR:	Manager Finance
RESPONSIBLE OFFICER:	Alexandra Bell, Director Corporate Services
FILE NO:	FM.02.8
DISCLOSURE OF INTERESTS:	Nil
COUNCIL'S ROLE IN THE MATTER:	Leader - plan and provide direction through policy and practices
VOTING REQUIREMENT:	Simple Majority

OFFICER'S RECOMMENDATION

That the Audit Risk and Improvement Committee recommends that Council note the presentation of Strategic Risk #1 – Ability to maintain and operate assets for service delivery.

PURPOSE

To present the Audit Risk and Improvement Committee with an update on Strategic Risk #1 – *ability to maintain and operate assets for service delivery*, from the draft strategic risk register.

BACKGROUND / PREVIOUS CONSIDERATIONS BY COUNCIL OR COMMITTEE

The Strategic Risk Register forms part of the Shire's integrated risk management framework and is reviewed regularly by the Executive Management Team to ensure alignment with Council's strategic objectives and compliance with the *Local Government Act 1995 (WA)*.

This strategic risk was previously presented to the Audit Risk and Improvement Committee in December 2024. It is being re-presented to the Committee to ensure all members, including newly appointed members, have visibility of the risk context, current controls and management actions.

COMMENTS

At the Audit Risk and Improvement Committee Briefing held on 19 November 2024, Committee members requested that a strategic risk be presented for detailed review at each Audit Risk and Improvement Committee meeting, together with identification of a suitable metric to be monitored over time to highlight emerging issues.

The strategic risk relating to asset renewal expenditure was subsequently presented to the Audit Risk and Improvement Committee in December 2024.

The following considerations were recommended to strengthen decision-making in relation to new projects and asset acquisitions:

- Detailed asset lifecycle costings for all new projects.
- Development of a methodology to assess the asset portfolio, including assigning a score to each asset based on its contribution to the Shire's strategic goals and its ongoing maintenance costs.
- Evaluation of renewal stress associated with planned acquisitions.
- Quantification of the rates increases required to maintain and renew each asset addition.

These measures remain relevant in addressing the long-term financial sustainability risks associated with asset renewal.

STATUTORY IMPLICATIONS

[Local Government Act 1995](#)

[Regulation 5 of the Local Government \(Financial Management\) Regulations 1996](#)

POLICY IMPLICATIONS

POL-1011 Risk and Opportunity Management
 POL-4000 Maintenance of Shire Assets
 POL-4006 Road Development
 POL-4010 Asset Management
 POL-4012 Shire Road Network

STRATEGIC IMPLICATIONS

This matter relates to the following sections of the *Strategic Community Plan 2023-2033*:

Focus Area: SUSTAINABILITY

Goal 10: Community-driven Leadership - Leaders work with the community to develop and implement change in delivering positive outcomes

Goal Outcome 10.4: Innovation - Embrace technology, creativity and innovation to solve complex problems

Strategy 10.4: Integrate all planning and resource management to drive continuous improvement and innovation

RISK IMPLICATIONS

Risk: Failure to identify the following strategic risks results in there being little or no focus on treatment, continuous improvement, monitoring or reporting

Control: Treat risk by identifying strategic risks and including them in the strategic risk register so controls are tracked and treatment, monitoring and reporting occurs

FINANCIAL IMPLICATIONS

Failure to maintain a sustainable long-term financial position, and maintain rate payer base

Current and Future Asset Considerations

Asset sustainability and renewal requirements

COMMUNITY ENGAGEMENT

No community engagement is required.

ATTACHMENTS

1. Confidential Attachment 1 - Financial Management of Long Life Assets

7.7. RISK - PROCUREMENT AND CONTRACT COMPLIANCE

AUTHOR:	Procurement Manager
RESPONSIBLE OFFICER:	Alexandra Bell, Director Corporate Services
FILE NO:	CM.02.8
DISCLOSURE OF INTERESTS:	Nil
COUNCIL'S ROLE IN THE MATTER:	Regulator - enforce state legislation and local laws
VOTING REQUIREMENT:	Simple Majority

OFFICER'S RECOMMENDATION

That the Audit Risk and Improvement Committee recommends that Council notes the outcomes of the procurement and contract management compliance review for the period 1 September to 30 November 2025 as well as the improvements implemented.

PURPOSE

The purpose of this report is to inform the Audit Risk and Improvement Committee of procurement and contract management compliance outcomes, identified risks, and control improvements arising from the targeted procurement risk review undertaken between 1 September and 30 November 2025.

BACKGROUND / PREVIOUS CONSIDERATIONS BY COUNCIL OR COMMITTEE

Procurement and contract management activities carry inherent financial, compliance, and reputational risks. Oversight supports compliance with legislation, policy, and best practice.

COMMENTS

A random sample of procurement activity from the included date range was reviewed to assess compliance with the Shire's *Purchasing Policy* (POL-2004) and related legislative requirements.

The review confirmed that the majority of purchase orders were compliant with policy and delegation requirements. Overall, the review indicates that procurement controls are generally effective, with administrative improvements and other opportunities for improvement identified.

A detailed analysis and graphical summary of the review outcomes have been provided to the Audit Risk and Improvement Committee under confidential attachment.

STATUTORY IMPLICATIONS

[Regulation 11A\(1\) of the Local Government \(Functions and General\) Regulations 1996](#)

POLICY IMPLICATIONS

Compliance with the Shire's [POL-2004 Purchasing Policy](#).

STRATEGIC IMPLICATIONS

This matter relates to the following sections of the *Strategic Community Plan 2023-2033*:

Focus Area: Sustainability

Goal 10: Community-driven Leadership - Leaders work with the community to develop and implement change in delivering positive outcomes

Goal Outcome 10.4: Innovation - Embrace technology, creativity and innovation to solve complex problems

Strategy 10.4: Integrate all planning and resource management to drive continuous improvement and innovation

RISK IMPLICATIONS

Risk: Failure to manage a governance framework which transparently embraces good governance practices.

Control: Procurement framework and compliance monitoring as well as targeted education.

FINANCIAL IMPLICATIONS

Procurement risk exposure can impact project costs and financial sustainability.

Current and Future Asset Considerations

Effective procurement underpins major CAPEX and operational service delivery.

COMMUNITY ENGAGEMENT

No community engagement is required.

ATTACHMENTS

1. Confidential Attachment 1 - Procurement and Contract Compliance - FEB 26

7.8. RISK - LEGAL MATTERS

AUTHOR:	Chief Executive Officer
RESPONSIBLE OFFICER:	Vernon Lawrence, Chief Executive Officer
DISCLOSURE OF INTERESTS:	Nil
COUNCIL'S ROLE IN THE MATTER:	Regulator - enforce state legislation and local laws
VOTING REQUIREMENT:	Simple Majority

OFFICER'S RECOMMENDATION

That the Audit (Finance and Risk) Committee note the report on legal fees expended to 28 February 2026.

PURPOSE

This report provides an overview of legal matters with potential or actual risk exposures relevant to the Shire's operations.

BACKGROUND / PREVIOUS CONSIDERATIONS BY COUNCIL OR COMMITTEE

Legal risks can impact financial, operational, and reputational outcomes. Monitoring legal risks supports the Shire's risk management framework. A verbal report will be provided.

COMMENTS

The report provides a summary of ongoing and concluded legal matters which may include:

- Active litigation and claims
- Potential legal disputes
- Governance-related legal risks

The total legal costs year to date are \$48,021. Of this amount \$17,052 relate to employment matters, \$30,425 to contractual matters and debt recovery \$544.

STATUTORY IMPLICATIONS

[Regulation 16 of the Local Government \(Audit\) Regulations 1996](#)

POLICY IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

This matter relates to the following sections of the *Strategic Community Plan 2023-2033*:

Focus Area: SUSTAINABILITY

Goal 10: Community-driven Leadership - Leaders work with the community to develop and implement change in delivering positive outcomes

Goal Outcome 10.4: Innovation - Embrace technology, creativity and innovation to solve complex problems

Strategy 10.4: Integrate all planning and resource management to drive continuous improvement and innovation

RISK IMPLICATIONS

Risk: Failure to manage a governance framework which transparently embraces good governance practices.

Control: Monitoring of legal risks.

FINANCIAL IMPLICATIONS

Legal cost exposure managed through existing budgets.

Current and Future Asset Considerations

Potential financial liabilities.

COMMUNITY ENGAGEMENT

No community engagement is required.

ATTACHMENTS

1. Confidential Attachment 1 - ARIC - Legal Fees - Feb 2026

7.9. RISK - SAFETY

AUTHOR:	Executive Manager Human Resources and Safety
RESPONSIBLE OFFICER:	Chief Executive Officer
FILE NO:	CM.02.8
DISCLOSURE OF INTERESTS:	Nil
COUNCIL'S ROLE IN THE MATTER:	Regulator - enforce state legislation and local laws
VOTING REQUIREMENT:	Simple Majority

OFFICER'S RECOMMENDATION

That the Audit, Risk and Improvement Committee recommends that Council note the safety report and attachments and consider the recommendations.

PURPOSE

To provide the Audit Risk and Improvement Committee with the current state of health and safety in the Shire workplace and to consider needed changes to realign the organisation with legislative responsibilities.

BACKGROUND / PREVIOUS CONSIDERATIONS BY COUNCIL OR COMMITTEE

None known.

COMMENTS

The (ex) Senior Safety Advisor conducted a series of internal reviews and workplace safety inspections across multiple operational areas, in addition to reviewing insurer recommendations and findings from past audits and reports. Four notices of non-conformance were issued to address areas of risk to the organisation that require immediate attention. These notices and associated findings were shared with members of the Executive Management Team (EMT) for discussion, prioritisation, and determination of appropriate corrective actions.

The notices of non-conformance highlight areas of non-compliance with Western Australian workplace health and safety regulations in the following key areas:

- Plant, fleet, and maintenance systems
- Waste management systems
- Asbestos management
- Use of earthmoving equipment to lift loads

The Committee will be asked to note the outcomes and may provide feedback on proposed control improvements.

STATUTORY IMPLICATIONS

[Work Health and Safety Act 2020](#)

[Work Health and Safety \(General\) Regulations 2022](#)

POLICY IMPLICATIONS

It is recommended that council and management review current policies to determine if additional policies are needed to address the non-conformance issues.

STRATEGIC IMPLICATIONS

This matter relates to the following sections of the *Strategic Community Plan 2023-2033*:

Focus Areas: Liveability & Connection

Goal 1: Safe communities - A community where we all feel safe

Goal Outcome 1.2: Safe Physical Environment - People feel safe on the streets and in public areas and can engage in healthy vibrant active lives

Strategy 1.1: The Shire will work to improve the distribution and awareness of information and resources on safety and crime prevention

RISK IMPLICATIONS

Risk: Failure to create and maintain an organisational culture which promotes a safe and positive work environment, fosters employee satisfaction, motivates employees to perform and increases organisational effectiveness.

Risk: Failure to manage and implement an effective, forward planned capital works program which meets the safety and functional requirements of the community.

Control: via register of compliance

FINANCIAL IMPLICATIONS

Funding will be required to achieve compliance with health and safety regulations. Assistance should be conditional on funds being used solely to address the identified nonconformances. Not implementing these controls poses significant legal, financial, and reputational risks to the Shire.

Current and Future Asset Considerations

Serious consideration needs to be given before purchasing additional plant without shade structures in place. The insurer and internal auditing have identified the need for shade to protect the assets of the Shire. All existing plant needs to be reassessed for roadworthiness as records are incomplete and may be denied potential future insurance claims. A process to manage fleet and plant urgently needs to be implemented. Additional asset considerations can be developed from the information in the non-conformance notices.

COMMUNITY ENGAGEMENT

No community engagement required.

ATTACHMENTS

1. Confidential Attachment 1 - Quarterly Safety and Well Being Report - 1 October to 31 December 2025

7.10. ARIC TERMS OF REFERENCE

AUTHOR:	Executive Officer to the CEO
RESPONSIBLE OFFICER:	Alexandra Bell, Director Corporate Services
FILE NO:	CM.02.8
DISCLOSURE OF INTERESTS:	Nil
COUNCIL'S ROLE IN THE MATTER:	Leader - plan and provide direction through policy and practices
VOTING REQUIREMENT:	Simple Majority

OFFICER'S RECOMMENDATION

That the Audit Risk and Improvement Committee recommends that Council adopt the Audit Risk and Improvement Committee Terms of Reference as attached.

PURPOSE

To present the revised Terms of Reference for the Audit Risk and Improvement Committee (ARIC) for review and recommendation to Council.

BACKGROUND / PREVIOUS CONSIDERATIONS BY COUNCIL OR COMMITTEE

The Shire previously operated an Audit Committee established under the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*, which required local governments to appoint an audit committee to review financial management, internal controls and audit matters.

Legislative amendments introduced through the Local Government Amendment Act 2024 strengthened governance expectations for local governments and formalised the requirement for councils to maintain an Audit, Risk and Improvement Committee (ARIC).

The role of the ARIC expands the traditional audit committee function to include broader oversight of:

- Financial reporting
- Internal controls
- Risk management
- Internal and external audit
- Legislative compliance and governance systems
- Continuous organisational improvement

The Shire's existing Terms of Reference have been reviewed and revised to ensure legislative references are correct and to clarify the governance framework under which the committee operates.

COMMENTS

The revised Terms of Reference reflect the current requirements under Part 7 Division 1A of the *Local Government Act 1995* relating to the Audit Risk and Improvement Committees (ARIC).

The Audit Risk and Improvement Committee must be chaired by an independent Presiding Member. A Deputy Presiding Member may also be appointed, and this position must also be held by an independent member.

This means that the Committee is chaired by independent members, supporting strengthened governance, oversight and objectivity while ensuring the Committee benefits from a range of perspectives in its work.

The Committee must formally recognise the independent Presiding Member within the Terms of Reference. Council has appointed the Presiding Member and is currently undertaking a process to identify and appoint a suitably qualified independent Deputy Presiding Member. This aligns the Committee structure with the legislative intent of strengthening audit, risk and governance oversight across local governments.

The updated Terms of Reference also:

- Reference Part 7 Division 1A of the *Local Government Act 1995* relating to Audit Risk and Improvement Committees
- Clarify the requirement for an independent presiding member and deputy presiding member to chair meetings
- Confirm the advisory role of the ARIC Committee and the operational authority of the Chief Executive Officer
- Reinforce oversight of statutory system reviews required under Regulation 17 of the *Local Government (Audit) Regulations 1996* and Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.

These amendments primarily revise the document to reflect the current legislative framework and governance expectations for ARICs. The core advisory role and responsibilities of the Committee remain unchanged.

Subject to the Committee's endorsement, the revised Terms of Reference will be presented to Council for adoption.

STATUTORY IMPLICATIONS

The Audit, Risk and Improvement Committee is established under the *Local Government Act 1995*. Relevant legislative provisions of the *Local Government Act 1995* include:

- Section 5.33A - Audit, Risk and Improvement Committee
- Section 5.33B - Functions of the Audit Risk and Improvement Committee
- Section 5.33C - Membership of the Audit, Risk and Improvement Committee
- Section 5.33D - Independent members
- Section 5.33E - Terms of reference

- Section 5.33F - Meetings

Other applicable legislation includes:

- Part 7 Division 1A of the *Local Government Amendment Act 2023 (WA)* – provisions introducing and amending relating to Audit, Risk and Improvement Committees
- Local Government (Audit) Regulations 1996
- Local Government (Financial Management) Regulations 1996.

The updated Terms of Reference ensure the Shire's committee governance arrangements align with these statutory requirements.

POLICY IMPLICATIONS

There are no direct policy implications arising from this report.

The Terms of Reference provide governance guidance for the operation of the Committee.

STRATEGIC IMPLICATIONS

This matter relates to the following sections of the *Strategic Community Plan 2023-2033*:

Focus Area: SUSTAINABILITY

Goal 10: Community-driven Leadership - Leaders work with the community to develop and implement change in delivering positive outcomes

Goal Outcome 10.4: Innovation - Embrace technology, creativity and innovation to solve complex problems

Strategy 10.4: Integrate all planning and resource management to drive continuous improvement and innovation

RISK IMPLICATIONS

Risk: Failure to manage a governance framework which transparently embraces good governance practices.

Risk: Failure to manage the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance.

Control: Adoption of updated Terms of Reference ensures the governance framework for the Audit Risk and Improvement Committee remains aligned with current legislative requirements and contemporary governance practices.

FINANCIAL IMPLICATIONS

There are no financial implications associated with the adoption of the revised Terms of Reference.

Current and Future Asset Considerations

Not applicable.

COMMUNITY ENGAGEMENT

No community engagement is required.

ATTACHMENTS

1. Attachment 1 - MOR-2000 Audit, Risk and Improvement Committee V6.0
2. Attachment 2 - MOR-2000 Audit (Finance and Risk) Committee V.5.0 N-52108

8. MATTERS BEHIND CLOSED DOORS

9. CLOSURE