



# MINUTES

AUDIT, RISK AND IMPROVEMENT  
COMMITTEE MEETING

**Tuesday 9 December 2025**

**6:00pm**

**Council Chambers**

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*Strengthening our community now to grow and prosper into the future*

## **TERMS OF REFERENCE**

### **1.0 INTRODUCTION**

The Council of the Shire of Corrigin (hereinafter called the Council) hereby establishes a committee under the powers given in *Section 5.8* and *Section 7.1 A* of the *Local Government Act 1995*, *Local Government Amendment Act 2024* and *Audit Regulations*, such committee to be known as the Audit, Risk and Improvement Committee, (hereinafter called the Committee). The Council appoints to the Committee those persons whose names appear in Section 5.0 below.

Membership of the Committee shall, unless otherwise specified, be for a term ceasing at the date of the Local Government election in the year the Shire's local government elections are held, after which time the Council may appoint members for a further term. The Committee shall act for and on behalf of Council in accordance with provisions of the *Local Government Act 1995*, and associated regulations, local laws and policies of the Shire of Corrigin and this Instrument.

### **2.0 NAME**

The name of the Committee shall be the Audit, Risk and Improvement Committee.

### **3.0 ROLE**

The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to its objectives to facilitate decision-making by Council in relation to the discharge of its responsibilities.

### **4.0 OBJECTIVES OF THE COMMITTEE**

4.1 To provide guidance and assistance to the Council in:

- a) carrying out its audit functions under Part 7 of the *Local Government Act*.
- b) the development of a process to be used to select and appoint an auditor.
- c) determining the scope and content of the external and internal audit and advising on the general financial management of the Shire.
- d) overseeing the audit process and meeting with the external auditor after each visit to discuss management issues and monitoring administration's actions on, and responses to, any significant matters raised by the auditor.
- e) evaluating and making recommendations to Council on internal and external audit reports prior to them being presented to Council.
- f) receiving and verifying the annual Local Government Statutory Compliance Return.
- g) review reports provided by the CEO on the Shire's systems and procedures in relation to:
  - i. risk management;
  - ii. internal control; and
  - iii. legislative compliance;

at least once every two years and report to Council the results of that review. Ref: *Functions of Audit Committees (Audit Regulations)*.

4.2 To advise Council on significant high level strategic risk management issues related to the Shire of Corrigin including issues involving:

- a) the community;
- b) the workforce;
- c) vehicles and plant;
- d) buildings and similar property;
- e) revenue streams;
- f) legal liability;

- g) electronically stored information;
- h) environmental impact;
- i) fraud; and
- j) reputation.

## **5.0 MEMBERSHIP**

The Committee shall consist of all Councillors. Additionally up to two independent members with expertise in financial or legal matters will provide additional independent external advice to the Committee. The external independent persons will have senior business, legal or financial management/reporting knowledge and experience, and be conversant with the financial and other reporting requirements.

Appointments of external consultants shall be made by the CEO following a decision of Council and the allocation of sufficient funds to provide consultation fees using relevant professional fee schedules. No member of staff including the CEO is to be a member of the Committee, but the CEO may participate as Council's principal advisor, unless expressly excluded by resolution of the Committee.

## **6.0 PRESIDING MEMBER**

The Council must appoint a Presiding Member, a Deputy of the Presiding Member, and may, at its discretion, appoint a Deputy Presiding Member. Presiding members cannot be members of the Council or shire staff.

The Presiding Member shall ensure that minutes of the proceedings are kept and that business is conducted in accordance with the Shire of Corrigin Standing Orders (Local Law).

The *Local Government Act 1995* places responsibility for speaking on behalf of Council with the President, or the CEO if the President agrees. The Presiding Member if different from the President is to refrain from speaking publicly on behalf of the committee or Council, or to issue any form of written material purporting to speak on behalf of the committee or Council without the prior approval of the President.

## **7.0 CONDUCT OF MEETINGS**

The Committee shall meet at least three times per year. A schedule of meetings will be developed and agreed to by the members. As an indicative guide, meetings would be arranged to coincide with relevant Council reporting deadlines, for example in February to discuss the Statutory Compliance Return, in July to discuss the year's financial performance and to discuss the annual audit program and in November to discuss the Annual Financial Report. Additional meetings shall be convened at the discretion of the Presiding Member.

Any three members of the Committee collectively or the internal or external auditor themselves may request the Presiding Member to convene a meeting. Urgent matters which may arise should be referred directly to Council through the monthly meetings or to a Special Council meeting.

- 7.1 Notice of meetings shall be given to members at least three days prior to each meeting.
- 7.2 The Presiding Member shall ensure that detailed minutes of all meetings are kept and shall, not later than five days after each meeting, provide Council with a copy of such minutes. Council shall provide secretarial and administrative support to the Committee.
- 7.3 All members of the Committee shall have one vote. If the vote of the members present is equally divided, the person presiding must cast a second vote.
- 7.4 The Chief Executive Officer should attend all meetings, except when the Committee chooses to meet in camera with the exclusion of the CEO.
- 7.5 Representatives of the external auditor should be invited to attend at the discretion of

the Committee but must attend meetings either in person or by telephone link up considering the draft annual financial report and results of the external audit.

- 7.6 The internal auditor or representative shall be invited to attend meetings, at the discretion of the Committee, to consider internal audit matters.

## **8.0 QUORUM**

A quorum for a meeting shall be at least 50 percent of the number of members, whether vacant or not. A decision of the Committee does not have effect unless a simple majority has made it.

## **9.0 DELEGATED POWERS**

The Committee has no delegated powers under the *Local Government Act 1995* and is to advise and make recommendations to Council only.

The Audit, Risk and Improvement Committee is a formally appointed committee of Council and is responsible to that body.

The Audit, Risk and Improvement Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any delegated financial responsibility. The Committee does not have any management functions and is therefore independent of management.

The following guidelines are to provide further direction from Council for the operation of the Committee:

### **9.1 External Audit**

The Committee shall:

- Liaise with the Office of the Auditor General regarding the appointment of a suitable Auditor.
- Prior to appointment, discuss the scope of the audit and any additional procedures required from the external auditor. Invite the external auditor to attend audit committee meetings to discuss the audit results and consider the implications of the external audit findings.
- Inquire of the auditor if there have been any significant disagreements with management and whether they have been resolved.
- Monitor management responses to the auditor's findings and recommendations.
- Review the progress by management in implementing audit recommendations and provide assistance on matters of conflict.
- Provide a report and recommendations to Council on the outcome of the external audit.

### **9.2 Co-ordination of Auditors**

The Committee shall:

- Oversee the work of the internal audit function to facilitate co-ordination with the external auditor.
- Meet periodically with the Chief Executive Officer, senior management staff and internal and external auditors to understand the organisation's control environment and processes.

### **9.3 Duties and Responsibilities**

The following duties and responsibilities of the Committee will include:

- i. To review the scope of the internal audit plan and program and the effectiveness of the function. This review should consider whether, over a period of years the internal audit plan systematically addresses:

- internal controls over significant areas of risk, including non-financial management control systems.
  - internal controls over revenue, expenditure, assets and liability processes;
  - the efficiency, effectiveness and economy of significant Council programs; and
  - compliance with regulations, policies, best practice guidelines, instructions and contractual arrangements.
- ii. Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of Council or Chief Executive Officer.
  - iii. Review the level of resources allocated to internal audit and the scope of its authority.
  - iv. Review reports of internal audit and the extent to which Council and management react to matters raised by internal audit, by monitoring the implementation of recommendations made by internal audit.
  - v. Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programs.
  - vi. Critically analyse and follow up any internal or external audit report that raises significant issues relating to risk management, internal control, financial reporting and other accountability or governance issues, and any other matters relevant under the Committee's terms of reference.
  - vii. Review management's response to, and actions taken as a result of the issues raised.
  - viii. Monitor the risk exposure of Council by determining if management has appropriate risk management processes and adequate management information systems.
  - ix. Monitor ethical standards and related party transactions by determining whether the systems of control are adequate.
  - x. Review Council's draft annual financial report, focusing on:
    - accounting policies and practices.
    - changes to accounting policies and practices.
    - the process used in making significant accounting estimates.
    - significant adjustments to the financial report (if any) arising from the audit process.
    - compliance with accounting standards and other reporting requirements.
    - significant variances from prior years.
  - xi. Recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the financial report is signed.
  - xii. Discuss with the external auditor the scope of the audit and the planning of the audit.
  - xiii. Discuss with the external auditor issues arising from the audit, including any management letter issued by the auditor and the resolution of such matters.
  - xiv. Review tendering arrangements and advise Council.
  - xv. Review the annual performance statement and recommend its adoption to Council.
  - xvi. Review issues relating to national competition policy, financial reporting by Council business units and comparative performance indicators.
  - xvii. Identify and refer specific projects or investigations deemed necessary through the Chief Executive Officer, the internal auditor and the Council if appropriate. Oversee any subsequent investigation, including overseeing of the investigation of any suspected cases of fraud within the organisation.
  - xviii. Monitor the progress of any major lawsuits facing the Council.
  - xix. Address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the Committee's terms of reference.

- xx. Report to Council after each meeting, in the form of minutes or otherwise, and as necessary and provide an annual report to Council summarising the activities undertaken during the year.
- xxi. The Committee in conjunction with Council and the Chief Executive Officer should develop the Committee's performance indicators.
- xxii. The Committee, through the Chief Executive Officer and following authorisation from the Council, and within the scope of its responsibilities, may seek information or obtain expert advice on matters of concern.
- xxiii. Advise Council on significant risk management issues related to the Shire of Corrigin including major issues involving:
  - The Community;
  - The Workforce;
  - Vehicles and Plant;
  - Buildings and Similar Property;
  - Revenue Streams;
  - Legal Liability;
  - Electronically Stored Information;
  - Environmental Impact;
  - Fraud; and
  - Reputation.
- xxiv. Review reports on the appropriateness and effectiveness of the Shire's systems and procedures in relation to:
  - risk management;
  - internal control; and
  - legislative complianceand report to Council.

#### **9.4 Reporting Powers**

The Committee:

- Shall report to Council and provide recommendations on matters pertaining to its terms of reference by assisting elected members in the discharge of their responsibilities for oversight and corporate governance of the local government.
- Does not have executive powers or authority to implement actions in areas that management has responsibility.
- Is independent of the roles of the Chief Executive Officer and his senior staff as it does not have any management functions.
- Does not have any role pertaining to matters normally addressed by the Local Emergency Management Committee and Council in relation to financial management responsibilities in relation to budgets, financial decisions and expenditure priorities.
- Is a separate activity and does not have any role in relation to day-to-day financial management issues or any executive role or power.
- Shall after every meeting forward the minutes of that meeting to the next Ordinary meeting of the Council, including a report explaining any specific recommendations and key outcomes.
- Shall report annually to the Council summarising the activities of the Committee during the previous financial year.

#### **10.0 TERMINATION OF COMMITTEE**

Termination of the Committee shall be:

- a) in accordance with the *Local Government Act 1995*; or
- b) at the direction of the Council.

#### **11.0 AMENDMENT TO THE INSTRUMENT OF APPOINTMENT AND DELEGATION**

This document may be altered at any time by the Council.

#### **12.0 COMMITTEE DECISIONS**

The Committee recommendations are advisory only and shall not be binding on Council.

#### **13.0 CONFLICTS OF INTEREST**

Members of the Audit, Risk and Improvement Committee are required to disclose all conflicts of interest and may not be eligible to vote on a matter, depending on the nature of the conflict.

#### **14.0 CONFIDENTIALITY**

All Committee members are expected to be aware of their responsibilities regarding the confidentiality of information about Council affairs.

#### **15.0 REMUNERATION**

External members appointed under the terms of reference are eligible for a per-meeting fee up to the maximum determined by the Salaries and Allowances Tribunal.

The Presiding Member Janeane Mason requested that the Deputy Presiding Member, Lyn Baker, chair the meeting from the Council Chambers.

## **1 DECLARATION OF OPENING**

The Deputy Presiding member, L Baker opened the meeting at 6:00pm

## **2 ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE**

Presiding Member	J Mason (Via Teams)
Deputy Presiding Member	L Baker
Shire President	Cr. S Jacobs
Deputy President	Cr. M Leach
Councillors	Cr. D Hickey
	Cr. M Talbot
	Cr. M Smith
	Cr. W Dyer
Chief Executive Officer	N Manton (Via Teams)
Deputy Chief Executive Officer	M Henry

## **APOLOGIES**

Cr. M Dickinson

## **3 DECLARATIONS OF INTEREST**

NIL

## **4 CONFIRMATION AND RECEIPT OF MINUTES**

### **4.1 CONFIRMATION AUDIT AND RISK MANAGEMENT COMMITTEE MEETING**

**Moved: Cr Leach**

**Seconded: Cr Hickey**

That the Minutes of the Audit, Risk and Improvement Committee meeting held on Tuesday 10 June 2025 (Attachment 4.1) be confirmed as a true and correct record.

***Carried 8/0***

*For: J Mason, L Baker, Cr. Jacobs, Cr. Leach, Cr. Hickey, Cr. Talbot, Cr. Smith & Cr. Dyer*  
*Against: Nil*

## **5 REPORTS**

## **6 MATTERS REQUIRING A COMMITTEE DECISION**

### **6.1 AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING DATES 2026**

Applicant:	Shire of Corrigin
Date:	21/11/2025
Reporting Officer:	Jarrad Filinski, Executive Support Officer
Disclosure of Interest:	NIL
File Ref:	FM.0015
Attachment Ref:	NIL

#### **SUMMARY**

The Audit, Risk and Improvement Committee are asked to note dates for Audit, Risk and Improvement Committee Meetings for 2026.

#### **BACKGROUND**

The terms of reference stipulate that that the Audit, Risk and Improvement Committee shall meet at least three times per year. A schedule of meetings will be developed and agreed to by the members.

#### **COMMENT**

Audit, Risk and Improvement Committee is asked to consider and approve the following dates for meetings to be held the week prior to Ordinary Council Meetings for 2026. This will allow time for officer's and elected members to consider issues raised prior to them being taken to Ordinary Council meetings for approval.

The committee is required to meet in March to receive the Compliance Audit Return prior to submitting to the Council for endorsement.

The following Audit Committee Meeting dates for 2026 are recommended:

Tuesday 10 March 2026

Tuesday 9 June 2026

Tuesday 8 September 2026

Tuesday 8 December 2026

#### **STATUTORY ENVIRONMENT**

*Local Government (Audit) Regulations 1996*

Regulation 16

An audit committee —

- a) is to provide guidance and assistance to the local government —
  - i. as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and
  - ii. as to the development of a process to be used to select and appoint a person to be an auditor; and
- b) may provide guidance and assistance to the local government as to —
  - i. matters to be audited; and
  - ii. the scope of audits; and
  - iii. its functions under Part 6 of the Act; and
  - iv. the carrying out of its functions relating to other audits and other matters related to financial management; and
- c) is to review a report given to it by the CEO under regulation 17(3) 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.

**POLICY IMPLICATIONS**

NIL

**FINANCIAL IMPLICATIONS**

Councillor meeting fees are included in the annual budget.

**COMMUNITY AND STRATEGIC OBJECTIVES**

Shire of Corrigin Council Plan 2025-2035:

**Objective: Civic Leadership**

**Strong Governance and Leadership**

Council Plan			
Outcome	Strategies	Action No.	Actions
4.1	Deliver a high standard of governance and administration	4.1.5	Continue to implement, monitor and report against the Integrated Planning and Reporting milestones

**VOTING REQUIREMENT**

Simple Majority

**OFFICER'S RECOMMENDATION**

**Moved: Cr Talbot**

**Seconded: Cr Jacobs**

*That the Audit, Risk and Improvement Committee note the following meeting schedule for 2026, commencing at 6.00pm in the Shire of Corrigin Council Chambers, 9 Lynch Street.*

*Tuesday 10 March 2026*

*Tuesday 9 June 2026*

*Tuesday 8 September 2026*

*Tuesday 8 December 2026*

**Carried 8/0**

*For: J Mason, L Baker, Cr. Jacobs, Cr. Leach, Cr. Hickey, Cr. Talbot, Cr. Smith & Cr. Dyer  
Against: Nil*

## 6.2 FINANCIAL AND RISK MANAGEMENT REVIEWS

Applicant:	Shire of Corrigin
Date:	1/12/2025
Reporting Officer:	Myra Henry, Deputy Chief Executive Officer
Disclosure of Interest:	NIL
File Ref:	FM.0047
Attachment Ref:	Attachment 6.2 – Regulation 5 and Regulation 17 Table of Actions

### SUMMARY

The Audit, Risk and Improvement Committee is requested to receive an updated status report on the recommendations arising from the independent reviews conducted under Regulation 5 of *the Local Government (Financial Management) Regulations 1996* and Regulation 17 of *the Local Government (Audit) Regulations 1996*.

### BACKGROUND

The *Local Government (Audit) Regulations 1996* Regulation 17 and *Local Government (Financial Management) Regulations 1996* Regulation 5 require the CEO to review the integrity of the Shire of Corrigin's financial and risk management systems to confirm the appropriateness and effectiveness of the systems and processes.

The Shire engaged Hammond Woodhouse Advisory to:

- Review current risk management policies, procedures and plans
- Evaluate financial and operational internal control systems
- Assess systems and processes for maintaining legislative compliance
- Identify improvements and provide recommendations to assist the CEO in assessing the effectiveness of these systems

The reviews were completed in March 2025, reported to the Audit, Risk and Improvement Committee in June 2025 where a Committee resolution was passed, and subsequently presented to Council at its Ordinary Meeting in June 2025 (Resolution 59/2025), where Council formally received and noted the Financial and Risk Management Review Report in accordance with Regulations 5 and 17.

Since June, management has:

- Reviewed all recommendations and determined appropriate actions
- Implemented several actions, with others ongoing
- Incorporated relevant items into the Risk Dashboard for monitoring

A consolidated table of recommendations, responses and actions is attached for the Committee's information.

### COMMENT

At the June 2025 Audit, Risk and Improvement Committee meeting, it was noted that recommendations would be reviewed by management, actioned as required, and reported back to Council in relation to the Reg 5 and Reg 17.

Management has now completed this review and prepared a consolidated table of recommendations, responses, and actions. Where appropriate, these actions have also been incorporated into the Shire's Risk Dashboard for ongoing monitoring.

Key areas addressed include Information and Communication Technology (ICT) contract oversight, trust fund governance, payment authorisation thresholds, risk reporting and framework publication, fraud management improvements, contract and project management

procedures, procurement and conflict-of-interest directives, and legislative compliance processes.

<b>Summary of Key Recommendations and Actions</b>	
<b>Recommendation Area</b>	<b>Management Response / Status</b>
ICT contract oversight	DCEO overseeing ICT contract – Complete
Trust fund governance	Independent review of Edna Stevenson Trust – Ongoing
Payment authorisation thresholds	Policy updates to include segregation and thresholds – Ongoing
Risk reporting & framework	Risk Management Framework published on website – Complete
Fraud management improvements	Align processes with Auditor General's Report No.5 – Ongoing
Contract & project management	Develop formal procedure for accountability and reporting – Ongoing
Procurement & conflict of interest	CEO directive for declarations during tender evaluations – Ongoing
Legislative compliance processes	Review Policy 4.6 and formalise accountability – Ongoing

The attached detailed table provides further information on all recommendations and actions.

## **STATUTORY ENVIRONMENT**

*Local Government (Audit) Regulations 1996 Regulation 17*

*Local Government (Financial Management) Regulations 1996 Regulation 5*

## **POLICY IMPLICATIONS**

4.1 Risk Management Policy

## **FINANCIAL IMPLICATIONS**

The costs associated with the 2024/2025 audit have been provided for in both the 2024/2025 and 2025/2026 budgets.

## **COMMUNITY AND STRATEGIC OBJECTIVES**

Shire of Corrigin Council Plan 2025-2035:

### **Objective: Civic Leadership**

#### **Strong Governance and Leadership**

<b>Council Plan</b>			
<b>Outcome</b>	<b>Strategies</b>	<b>Action No.</b>	<b>Actions</b>
4.1	Deliver a high standard of governance and administration	4.1.1	Investigate the best option and budget for financial management systems for effective governance and administration of Council
		4.1.5	Continue to implement, monitor and report against the Integrated Planning and Reporting milestones
4.2	Keep the community informed and seek their feedback	4.2.1	Improve regular communication and expand channels to inform our community of decisions, actions and opportunities for feedback

**VOTING REQUIREMENT**

Simple Majority

**OFFICER'S RECOMMENDATION**

**Moved: Cr Hickey**

**Seconded: Cr Smith**

*That the Audit, Risk and Improvement Committee receives and notes the updated status report on recommendations arising from the Regulation 5 and Regulation 17 reviews, including management responses and actions, and acknowledges that relevant items have been incorporated into the Risk Dashboard.*

**Carried 8/0**

*For: J Mason, L Baker, Cr. Jacobs, Cr. Leach, Cr. Hickey, Cr. Talbot, Cr. Smith & Cr. Dyer  
Against: Nil*

### **6.3 INTERNAL AUDIT – RISK MANAGEMENT REVIEW**

Applicant:	Shire of Corrigin
Date:	28/11/2025
Reporting Officer:	Natalie Manton, Chief Executive Officer
Disclosure of Interest:	NIL
File Ref:	RM.0006
Attachment Ref:	Attachment 6.3 – Risk Dashboard

#### **SUMMARY**

This Internal Audit – Risk Management Review report seeks to provide an update on the assessment, impact and controls to mitigate risks using a risk management tool.

#### **BACKGROUND**

The latest review of the Risk Management Framework policies and procedures was adopted by Council on 18 March 2025. The policy and procedures document outlines the commitment and objectives regarding managing risk that may impact the Shire's strategies, goals or objectives.

The Risk Management Review Dashboard summaries the following risks:

- Asset Sustainability
- Business and Community Disruption
- Compliance Requirements
- Document Management
- Employment Practices
- Engagement Practices
- Environmental Management
- Errors, Omissions and Delays
- External theft and fraud
- Management of Facilities/Venues and Events
- IT Communication systems
- Misconduct
- Project/ Change Management
- Safety and Security practices
- Supplier Contract management

#### **COMMENT**

Internal risk management reviews are completed twice per annum with the previous report in June 2025.

#### **STATUTORY ENVIRONMENT**

*Local Government Act 1995, s 7.12A – Duties of a Local Government in respect to the Audit.*

#### **POLICY IMPLICATIONS**

4.1 Risk Management Policy

#### **FINANCIAL IMPLICATIONS**

NIL

**COMMUNITY AND STRATEGIC OBJECTIVES**

Shire of Corrigin Council Plan 2025-2035:

**Objective: Civic Leadership**

**Strong Governance and Leadership**

Council Plan			
Outcome	Strategies	Action No.	Actions
4.1	Deliver a high standard of governance and administration	4.1.5	Continue to implement, monitor and report against the Integrated Planning and Reporting milestones

**VOTING REQUIREMENT**

Simple Majority

**OFFICER'S RECOMMENDATION**

**Moved: Cr Leach**

**Seconded: Cr Dyer**

*That the Audit, Risk and Improvement Committee receive the updated Internal Audit Risk Management Report-Dashboard.*

**Carried 8/0**

*For: J Mason, L Baker, Cr. Jacobs, Cr. Leach, Cr. Hickey, Cr. Talbot, Cr. Smith & Cr. Dyer  
Against: Nil*

## **6.4 ANNUAL REPORT FOR YEAR ENDING 30 JUNE 2025**

Applicant:	Shire of Corrigin
Date:	28/11/2025
Reporting Officer:	Myra Henry, Deputy Chief Executive Officer
Disclosure of Interest:	NIL
File Ref:	FM.0381
Attachment Ref:	Attachment 6.4.1 - Annual Report 2024/25 Attachment 6.4.2 – Independent Auditor’s Report Attachment 6.4.3 – Transmittal Letters Attachment 6.4.4 – Audit Completion Report Attachment 6.4.5 – OAG Exit Meeting Minutes Attachment 6.4.6 – Interim Management Letter

### **SUMMARY**

The Shire of Corrigin Audit, Risk and Improvement Committee (the Committee) is requested to consider and accept the 2024/2025 Annual Report, which includes the Audited Annual Financial Report and the Auditor’s Report (Auditor General’s Audit Opinion), and to recommend its adoption by Council.

### **BACKGROUND**

As per the Terms of Reference endorsed at the Ordinary Council Meeting on 18 March 2025, the Audit, Risk and Improvement Committee (the Committee) is responsible for reviewing the Annual Financial Report and external audit outcomes. Specifically, item 4.1(e) requires the Committee to evaluate and make recommendations to Council on internal and external audit reports prior to their presentation to Council.

One of the Committee’s principal objectives is to accept responsibility for the annual external audit and liaise with the Auditor so that Council can be satisfied with the performance of the Local Government in managing its financial affairs.

### **Audit Process**

The *Local Government Act 1995* requires the annual audit to be completed by 31 December following the close of the financial year. The interim audit was conducted by AMD Chartered Accountants (AMD) on behalf of the Office of the Auditor General (OAG) from 31 March to 2 April 2025, with findings presented to the Committee in June 2025. The final audit was conducted onsite from 20 to 23 October 2025. Shire staff provided extensive information throughout the audit process.

The auditors provided feedback on two findings from the interim audit requiring attention for compliance and continuous improvement. The final exit interview was held on 20 November 2025 with the following attendees:

- Cr Sharon Jacobs, Shire President
- Janeane Mason, Committee Chair (via Teams)
- Lynette Baker, Deputy Chair
- Natalie Manton, Chief Executive Officer
- Myra Henry, Deputy Chief Executive Officer
- Maria Cavallo, Director - AMD Chartered Accountants (via Teams)
- Suraj Karki, Acting Director, Financial Audit - Office of the Auditor General (via Teams)

The Annual Report, together with the Audited Financial Statements, Independent Auditor’s Report, Interim Management Letter, Transmittal Letter, 2025 Audit Completion Report, and minutes from the exit interview, is now presented to the Committee for consideration.

### **Annual Financial Statements**

The Shire's Finance Team has finalised the 2024/2025 accounts and prepared the Annual Financial Statements, which have been audited by AMD on behalf of the OAG. The audit's primary objective is to express an opinion on whether the Shire's Financial Statements are free from material misstatement and comply with Australian Accounting Standards, *the Local Government Act 1995*, and *the Local Government (Financial Management) Regulations 1996*.

### **Annual Report Requirements**

Under section 5.53 of the *Local Government Act 1995*, the Annual Report must include:

- President's Report
- CEO Report
- Overview of the plan for the future
- Financial report
- Employee payment information
- Auditor's report
- *Disability Services Act 1993* report
- Details of complaints received

Section 5.27 requires the Annual General Meeting of Electors to be held within 56 days of Council accepting the Annual Report. It is anticipated that Council will adopt the Annual Report at its Ordinary Meeting on 16 December 2025, with the Electors Meeting proposed for Tuesday, 3 February 2026 at 6.00 pm.

### **COMMENT**

The 2024/2025 Annual Report has been completed and is attached for consideration. It includes the Annual Financial Statements and reports on the Shire's progress and achievements during the year. The report serves both as a statutory requirement under the *Local Government Act 1995* and as a communication tool highlighting projects and initiatives aligned with the Council Plan. It will be made available to the public prior to the Annual Electors Meeting, subject to Council's acceptance.

### **Audit Completion and Findings**

The Office of the Auditor General (OAG), through AMD Chartered Accountants, completed the audit of the Shire's financial statements for the year ended 30 June 2025. The Independent Auditor's Report and audited Annual Financial Statements were received on 25 November 2025 and are attached for review.

The final audit findings identified no significant issues, no management concerns, and no audit adjustments. However, two areas for improvement were noted during the interim audit:

- Month-end reconciliations
- Information technology practices

Month-end reconciliations, primarily bank reconciliations, were rated significant at the time but have since been addressed. Management has implemented enhanced reconciliation processes, including improved documentation, cut-off procedures, and oversight. IT improvements are ongoing; with a draft ICT Strategic Plan prepared and work underway on the Disaster Recovery Plan.

### **Management Response**

Management acknowledges the issues raised and has taken proactive steps to strengthen internal controls. Enhancements implemented include:

- Attaching general ledger reports to all reconciliations.
- Improved month-end cut-off processes.
- Cross-checking unrepresented items against reconciliations.
- Oversight by the Deputy CEO on all reconciliations.

These changes were fully implemented from May 2025, and monitoring will continue to ensure compliance. IT security and governance improvements are being progressed within available resources.

### **Section 7.12A Compliance**

As no significant matters were raised in the Independent Auditor's Report, Council is not required to prepare a report under section 7.12A of the *Local Government Act 1995*. Audit management letters are not considered audit reports under the Act.

### **Financial Position Summary**

The audited financial statements confirm the Shire's financial position for the year, as outlined below. These should be read in conjunction with the accompanying notes:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Statement of Financial Activity

#### *Statement of Comprehensive Income*

The Statement of Comprehensive Income (page 3) shows a net result of \$(795,944) for the financial year 2024/2025. This reflects operating expenditure exceeding operating revenue; however, this apparent loss does not account for carried-forward funds such as Federal Assistance Grants paid in advance or underspends in various areas. The statement also includes depreciation. For the foreseeable future, the Shire is expected to report a negative net result due to reliance on grant funding for capital works. As a small local government, generating additional revenue streams remains challenging. No asset revaluations were undertaken during this financial year.

#### *Statement of Financial Position*

The Statement of Financial Position (page 4) shows a net worth of \$214,378,156 for 2024/2025, a slight decrease from 2023/2024 due to no changes in asset revaluation.

#### *Statement of Changes in Equity*

This statement reflects the movement in equity, incorporating the net result of \$(795,944) from the Statement of Comprehensive Income.

#### *Statement of Cash Flows*

The Statement of Cash Flows (page 6) shows a net decrease in cash flow of \$189,825 over the financial year, leaving a closing balance of \$3,915,716 in cash and cash equivalents. Of this, \$3,724,398 is unrestricted, and \$191,318 is held in reserves. Additional reserves are held at amortised cost in long-term term deposits totalling \$4,259,215. The decrease in cash is primarily due to expenditure of carried-over grant funding allocated to capital works projects, compared to \$4,105,541 held as cash and cash equivalents in 2023/2024. This statement should be read in conjunction with Note 3 (page 12).

### *Statement of Financial Activity*

The Statement of Financial Activity (page 7) shows a total surplus carried forward to 2024/2025 of \$3,555,752. The financial year ended 30 June 2025 resulted in:

- \$3,688,258 – Estimated 2024/2025 net operating surplus (budgeted as 2025/2026 opening surplus)
- \$3,555,752 – Actual 2024/2025 net operating surplus after year-end audit processing

The variance of \$132,506 is due to factors such as recognition of capital Local Roads and Community Infrastructure (LRCI) grant funding and accrual of various invoices. This adjustment will be addressed in the Shire's Budget Review.

On the whole, the Shire is in a sound financial position and will be issued an unqualified audit opinion in relation to the financial statements.

A draft Annual Report 2024/2025 is provided at Attachment 6.4.1.

## **STATUTORY ENVIRONMENT**

*Local Government Act 1995*

*Local Government (Audit Regulations) 1996*

*Local Government (Administration Regulations) 1996*

*Local Government (Financial Management) Regulations 1996*

*Local Government Act 1995*

### *5.27. Electors' general meetings*

- (1) *A general meeting of the electors of a district is to be held once every financial year.*
- (2) *A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year.*
- (3) *The matters to be discussed at general electors' meetings are to be those prescribed.*

### *5.54. Acceptance of annual reports*

- (1) *Subject to subsection (2), the annual report for a financial year is to be accepted\* by the local government no later than 31 December after that financial year.*

*\* Absolute majority required.*

- (2) *If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available*

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

- (1) *A local government is to do everything in its power to —*
  - (a) *assist the auditor of the local government to conduct an audit and carry out his or her other duties under this Act in respect of the local government; and*
  - (b) *ensure that audits are conducted successfully and expeditiously.*
- (2) *Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.*
- (3) *A local government must —*
  - (aa) *examine an audit report received by the local government; and*
  - (a) *determine if any matters raised by the audit report, require action to be taken by the local government; and*
  - (b) *ensure that appropriate action is taken in respect of those matters*

- (4) *A local government must —*  
 (a) *prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and*  
 (b) *give a copy of that report to the Minister within 3 months after the audit report is received by the local government.*
- (5) *Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government’s official website.*

**POLICY IMPLICATIONS**

4.1 Risk Management Policy

**FINANCIAL IMPLICATIONS**

The costs associated with the 2024/2025 audit have been provided for in both the 2024/2025 and 2025/2026 budgets.

**COMMUNITY AND STRATEGIC OBJECTIVES**

Shire of Corrigin Council Plan 2025-2035:

**Objective: Civic Leadership**

**Strong Governance and Leadership**

Council Plan			
Outcome	Strategies	Action No.	Actions
4.1	Deliver a high standard of governance and administration	4.1.3	Implement and monitor the annual budget to support timely progress toward strategic goals
		4.1.5	Continue to implement, monitor and report against the Integrated Planning and Reporting milestones
4.2	Keep the community informed and seek their feedback	4.2.1	Improve regular communication and expand channels to inform our community of decisions, actions and opportunities for feedback

## **VOTING REQUIREMENT**

Absolute Majority

## **OFFICER'S RECOMMENDATION**

**Moved: Cr Hickey**

**Seconded: Cr Talbot**

*That the Audit, Risk and Improvement Committee recommend to Council:*

1. *Pursuant to section 5.54 of the Local Government Act 1995, adopt the 2024/2025 Annual Report incorporating the Annual Financial Statements and the Auditor's Report (Auditor General's Audit Opinion).*
2. *Authorise the Chief Executive Officer to oversee the final presentation and publication of the 2024/2025 Annual Report.*
3. *Pursuant to section 5.55 of the Local Government Act 1995, give local public notice of the availability of the 2024/2025 Annual Report (Attachment 6.4.1).*
4. *Pursuant to section 5.27 of the Local Government Act 1995, convene the Annual General Meeting of Electors on Tuesday, 3 February 2026 at 6.00 pm at the Council Chambers, Corrigin.*
5. *Advertise the Annual Electors Meeting in accordance with section 5.29 of the Local Government Act 1995.*
6. *Receive correspondence to and from the Auditor General as attached (Attachments 6.4.2 – 6.4.5).*
7. *Receive the Management Letter and responses as attached (Attachment 6.4.6).*
8. *Pursuant to section 7.12A of the Local Government Act 1995, acknowledge that no significant matters were raised in the Independent Auditor's Report, and as a result, the Chief Executive Officer is not required to:*
  - a) *Prepare a report for endorsement by the Audit Committee and Council upon completion.*
  - b) *Submit the report to the Minister within three months and publish it on the website within 14 days.*

**Carried by Absolute Majority 8/0**

*For: J Mason, L Baker, Cr. Jacobs, Cr. Leach, Cr. Hickey, Cr. Talbot, Cr. Smith & Cr. Dyer  
Against: Nil*

**7 NEXT MEETING**

The next Audit, Risk and Improvement Committee meeting is to be held on 10 March 2026 at 6.00pm

**8 MEETING CLOSURE**

The Deputy Presiding Member, L Baker closed the meeting at 6:12pm.