

Audit Committee Meeting Minutes 10 September 2025

Minutes of the Manjimup Audit Committee held at **JC Rose Room** on **Wednesday 10 September 2025**.

1. DECLARATION OF OPENING OF MEETING

The meeting was opened by Shire President Donnelle Buegge at 2.05pm.

2. ATTENDANCE / APOLOGIES

Present:

- President Donelle Buegge
- Cr Jayde Darin
- Cr Paul Omodei

Apologies

- Cr Murry Ventris
- Cr Wade De Campo

Observers:

- Ben Rose – Chief Executive Officer (CEO)
- Greg Lockwood - Director Business (DB)

3. TERMS OF REFERENCE

Functions	The Committee has a statutory function 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. In addition, the Audit Committee undertakes: a) Management of the audit process. b) Discussion of audit outcomes. c) Monitoring action taken on audit report. d) Preparation of annual report on audit function. e) Review of the Statutory Compliance Return.
-----------	--

4. DECLARATION OF FINANCIAL INTERESTS

Nil

5. CONFIRMATION OF MINUTES OF THE MEETING HELD 7 FEBRUARY 2025

Moved Cr Darin / Seconded President Buegge

“That the minutes of the Audit Committee meeting held on 7 February 2025 be adopted as a true and correct record of the meeting.”

Carried 3/0

6. MATTERS ARISING FROM THE MEETING HELD 7 FEBRUARY 2025

Chief Executive Officer gave an update on the Office of Auditor General's Performance Audit on Road Maintenance. Whilst the report was initially due in March 2025 it is yet to be shared and presented to Parliament.

7. RISK MANAGEMENT

Nil.

8. PRESENTATION OF 2025 INTERIM AUDIT FINDINGS

The CEO presented the DRAFT 2024 Compliance Audit Return for the Audit Committees consideration.

It was noted there was 1 item of non-compliance that related to one late Primary Return. This item had previously been declared to the appropriate authorities per the requirements of this type of non-compliance.

ATTACHMENT : 2

Moved Cr Darin / Seconded Cr Omodei

“The Audit Committee receive the 2025 Interim Audit Report.”

Carried 3/0

9. EFFECTIVENESS OF COMPLIANCE

The Chief Executive Officer has engaged Lincoln Beyond Numb3rs to carry out the Financial Management Systems and Regulation 17 Review later this year.

10. GENERAL BUSINESS

The DB discussed the future inclusion of an Independent Presiding Member to the Audit Committee proposed under section 87 of the Amendment Act. These amendments also require the appointment of either an Independent Deputy Member to step in with the Independent Presiding Member is not available or appoint a Deputy Presiding Member as an independent member onto the committee.

Administration will send out an Expression of Interest shortly for a up to 2 independent members and Council will then choose the preferred candidate/s and the makeup of the committee.

11. NEXT MEETING

The next meeting is scheduled for 19 November 2025.

12. MEETING CLOSURE

The meeting was closed at 3.16pm.

Audit Committee Meeting Minutes 7 February 2025

Minutes of the Manjimup Audit Committee held at **JC Rose Room** on **Friday 7 February 2025**.

1. DECLARATION OF OPENING OF MEETING

The meeting was opened by Shire President Donnelle Buegge at 1.10pm.

2. ATTENDANCE / APOLOGIES

Present:

- President Donelle Buegge
- Cr Jayde Darin
- Cr Murry Ventris

Apologies

- Cr Paul Omodei
- Cr Wade De Campo

Observers:

- Ben Rose – Chief Executive Officer (CEO)
- Greg Lockwood - Director Business (DB)

3. TERMS OF REFERENCE

Functions	The Committee has a statutory function 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. In addition, the Audit Committee undertakes: a) Management of the audit process. b) Discussion of audit outcomes. c) Monitoring action taken on audit report. d) Preparation of annual report on audit function. e) Review of the Statutory Compliance Return.
-----------	--

4. DECLARATION OF FINANCIAL INTERESTS

Nil

5. CONFIRMATION OF MINUTES OF THE MEETING HELD 26 NOVEMBER 2024

Moved Cr Ventris / Seconded Cr Darin

“That the minutes of the Audit Committee meeting held on 26 November 2024 be adopted as a true and correct record of the meeting.”

Carried 3/0

6. MATTERS ARISING FROM THE MEETING HELD 26 NOVEMBER 2024

Future review of Terms of Reference of the Audit Committee. This review will be guided by proposed amendments to legislation governing the powers, functions and makeup of the Committee.

7. RISK MANAGEMENT

Nil.

8. PRESENTATION OF 2024 COMPLIANCE AUDIT RETURN

The CEO presented the DRAFT 2024 Compliance Audit Return for the Audit Committees consideration.

It was noted there was 1 item of non-compliance that related to one late Primary Return. This item had previously been declared to the appropriate authorities per the requirements of this type of non-compliance.

ATTACHMENT : 2

Moved Cr Ventris / Seconded Cr Darin

“The Audit Committee endorse the presentation of the 2024 Compliance Audit Return and findings to Council.”

Carried 3/0

9. EFFECTIVENESS OF COMPLIANCE

The DB presented Shire Officer’s progress through recommendations from the previous Regulation 17 Review, Financial Systems Review, Interim Audit and the 2024 Annual Financial Accounts Management Report.

DB advised the Audit Committee that the matters in the Interim Audit relating to IT were progressing well, particularly Penetration Testing which had been carried out by a contractor with 4 recommendations which are being finalised by the IT Department.

10. GENERAL BUSINESS

The CEO discussed the upcoming Performance Audit on Road Maintenance to be performed by the Office of Auditor General. The CEO discussed the timing for a response from the Shire once the draft report has been completed and there may not be time to get it to an Audit Committee Meeting or Ordinary Council Meeting.

It was determined that the CEO will send a copy of the audit results to the Audit Committee with the Shire's proposed responses, and if it is deemed necessary call an audit committee.

11. NEXT MEETING

The next meeting is scheduled for April 2025

12. MEETING CLOSURE

The meeting was closed at 2.04pm.

NAME OF ENTITY: SHIRE OF MANJIMUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Bank reconciliations	No	✓			
2. Debtor and creditor reconciliations	No		✓		✓
3. Manual journals	No		✓		✓
4. Outdated Policies	No		✓		
5. Monthly financial statements provided to Council	No		✓		
6. IT Strategic Plan	No		✓		
7. IT Risk Register	No		✓		✓
8. Physical and Logical Access Policy	No		✓		✓
9. Change Management Policy	No		✓		✓
10. Cyber Security Response Plan	No		✓		✓
11. Cyber security training	No		✓		✓
12. Testing of software and network infrastructure	No		✓		
13. Stored sensitive data is not encrypted	No		✓		✓

Key to ratings

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

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

NAME OF ENTITY: SHIRE OF MANJIMUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

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

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

The ratings included are preliminary ratings and could be modified pending other findings being identified, rated and the consideration of them collectively on the ratings and any potential impact on the audit opinion.

DRAFT

NAME OF ENTITY: SHIRE OF MANJIMUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

1. Bank reconciliations

Finding

During our interim review of bank reconciliations, we noted the following:

- The April 2025 bank reconciliation had not been finalised at the time of the interim audit. We were informed that the reconciliation remained open to accommodate transactions from the Aqua Centre.
- The August 2024 and April 2025 bank reconciliations tested did not include supporting documentation for reconciling items, making it difficult to determine the nature, legitimacy, and resolution of these items.
- None of these reconciliations were dated by either the preparer or the reviewer, limiting the ability to confirm whether the reconciliations were prepared and reviewed on a timely basis.

This is the first year that OAG has raised audit findings in respect of bank reconciliations.

Rating: Significant

Implication

There is an increased risk that errors, imbalances or fraud will not be detected on a timely basis when reconciliations are not promptly completed and finalised following month-end. The absence of dating by the preparer and reviewer limits accountability and obscures whether reconciliations are being performed and reviewed within an appropriate timeframe.

Additionally, when reconciling items do not include sufficient and appropriate supporting documentation, it becomes difficult to understand their nature, assess their validity, or confirm whether they have been appropriately resolved. This also limits the opportunity for an effective review of the reconciliation.

Recommendation

We recommend adequate month end cut-off processes be implemented including ensuring transactions cannot be entered after the month end reconciliations have been completed. Should it be necessary to enter transactions into a prior period, we recommend a new reconciliation be completed and independently reviewed and signed to evidence the review.

Management comment

Acknowledged.

As mentioned, reconciliation was fully completed whilst waiting for outstanding transaction information.

Bank Reconciliation to be perform monthly, printed and signed as evidence of review.

Responsible person:

Craig Martyn – Coordinator Finance & Administration

Completion date:

15 July 2025

NAME OF ENTITY: SHIRE OF MANJIMUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

2. Debtor and creditor reconciliations

Finding

During our interim review of the debtor and creditor reconciliations, we noted the following:

- There was a variance of \$611,282 between the creditor reconciliation completed as at 30 April 2025 and the trial balance provided for the interim audit; and
- There was a variance of \$52,857 between the debtor reconciliation completed as at 30 April 2025 and the trial balance provided for the interim audit.

This is the second year that OAG has raised audit findings in respect of debtor and creditor reconciliations.

Rating: Moderate (2024: Moderate)

Implication

Unresolved differences between the general ledger and the subsidiary ledgers may result in misstatements in the financial statements, particularly in relation to trade receivables and payables. It may also indicate a weakness in the reconciliation and review process, potentially obscuring errors or system issues.

Additionally, unresolved differences between control accounts and subsidiary ledgers increase the risk of fraud or errors, as they may obscure unauthorised transactions, omitted liabilities, or incorrect classification of transactions.

Recommendation

We recommend that management enhance the reconciliation process to ensure variances between the general ledger and subsidiary ledgers are promptly investigated and resolved, with particular focus on addressing cut-off timing differences. Adjustments arising from reconciliations should be adequately supported, reviewed, and appropriately recorded to ensure the ongoing accuracy and completeness of reported balances.

Management comment

Acknowledged.

A second reconciliation of the Creditor & Debtors to be implemented as part of the end of month process. The first to be done at calendar month end (current practice) and the second to be done at the end of processing (Approx 15th of Month). There is concern that there are creditors invoices received some months after the month end.

Responsible person:

Craig Martyn - Coordinator Finance & Administration

Completion date:

30 July 2025

NAME OF ENTITY: SHIRE OF MANJIMUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

3. Manual journals

Finding

We found one out of eight general journals tested had not been approved by an employee senior to the employee raising the journal.

This is the third year that OAG has raised audit findings in respect of manual journals.

Rating: Moderate (2024: Moderate)

Implication

Manual journals can represent significant adjustments to previously approved accounting transactions. In the absence of appropriate segregation of duties between preparing and reviewing of journals, there is an increased risk that erroneous or fraudulent transactions may go undetected. .

Additionally, review of manual journals by more junior officers than the preparer limits the opportunity for an effective review of manual journals due to senior management holding positions of power and influence over more junior staff officers.

Recommendation

We recommend that management ensure all manual journal entries are independently reviewed and approved by a second officer with appropriate delegated authority, and evidence of approval is retained.

Management comment

Acknowledged.

The Datascope software workflow ensures that a more senior officer must review Journals in the approval process. The item tested was a journal that was cloned from before this approval workflow was implemented. This resulted in two officers being able to approve and not an officer and senior officer.

Journals created using the cloning process will be monitored to ensure correct approval workflow is adhered to.

Responsible person: Craig Martyn - Coordinator Finance & Administration
Completion date: 01 August 2025

NAME OF ENTITY: SHIRE OF MANJIMUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

4. Outdated Policies**Finding**

We noted the following policies are due for review and had not been reviewed at the time of the interim audit:

Policy Name	Review due date
Investment	June 2024
Authorised use for fuel card	April 2022
Collection of outstanding rates	June 2024
Credit card	April 2024
Petty cash	April 2020

This is the first year that OAG has raised audit findings in respect of outdated policies.

Rating: Moderate

Implication

There is a risk the policies are out of date and not aligned with the Shire's financial, operational and strategic objectives.

Recommendation

We recommend the policies be reviewed and updated where required.

Management comment

Acknowledged

Policies to be reviewed and updated at the earliest opportunity.

Responsible person: Craig Martyn Coordinator Finance & Administration
Completion date: 31 December 2025

NAME OF ENTITY: SHIRE OF MANJIMUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

5. Monthly financial statements provided to Council

Finding

We noted the financial statements for the months of November and December 2024, and January 2025, were not provided to Council within two months after the end of each respective month, in contravention of section 34(4)(a) of the *Local Government (Financial Management) Regulations 1996*.

This is the first year that OAG has raised audit findings in respect of monthly financial statements not being provided to Council on a timely basis.

Rating: Moderate

Implication

Delayed reporting to Council can impair timely oversight of the Town's financial performance and budget execution. This reduces the ability of elected members to make informed decisions and take corrective action where needed. Additionally, the delay represents non-compliance with the *Local Government (Financial Management) Regulations 1996*.

Recommendation

We recommend financial statements be provided to Council within two months after the end of each respective month to ensure compliance with the *Local Government (Financial Management) Regulations 1996*.

Management comment

Acknowledged.

With a meeting early in December and no meeting in January 2025 there was a backlog of reports and the issue has not occurred once caught up.

Responsible person:

Greg Lockwood – Director of Business

Completion date:

1 July 2025

NAME OF ENTITY: SHIRE OF MANJIMUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

6. IT Strategic Plan

Finding

The Shire of Manjimup does not have an IT Strategic Plan in place to assist with resource allocation and to guide its technological decisions and initiatives.

This is the first year that OAG has raised audit findings in relation to the IT Strategic Plan.

Rating: Moderate

Implication

An IT strategy plan is crucial for aligning technology initiatives with business objectives, ensuring efficient resource allocation, and fostering innovation. It provides a roadmap for cybersecurity, technology adoption, and integration, guiding organisations to navigate the dynamic digital landscape and achieve long-term success.

The absence of an IT-related strategy hinders the Shire's ability to make informed decisions about technology investments and implementation, potentially leading to inefficiencies and missed opportunities for improvement.

Recommendation

We recommend the Shire develop an IT Strategic Plan to guide technological decisions and initiatives, aligning them with the Shire's overall business objectives.

Management comment

There is a draft currently in the works. Plan to adopt the final plan shortly.

Responsible person:

Chris Yovkoff – Manager ICT

Completion date:

30 June 2026

NAME OF ENTITY: SHIRE OF MANJIMUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

7. IT Risk Register

Finding

We noted the Shire lacks an IT Risk Register, which is crucial for identifying, managing and controlling IT related risks.

This is the second year that OAG has raised audit findings in respect of the IT risk register.

Rating: Moderate (2024: Moderate)

Implication

Without an IT Risk Register there is an increased risk that risk identification, assessment, evaluation and mitigating internal control processes may not be adequate in relation to information technology and cyber security risks.

Recommendation

A comprehensive risk identification, evaluation and mitigation process be undertaken to ensure all potential risks associated with information technology, including cyber security are considered and documented.

Subsequently we recommend the risk register be updated to include specific information technology and cyber security risks such as ransomware breaches, data breaches reputational damage and related media which may be required in the event of a cyber security breach.

Management comment

A draft of the register is in the works, hope to have a draft adopted soon.

Responsible person: Chris Yovkoff – Manager ICT
Completion date: 30 June 2026

NAME OF ENTITY: SHIRE OF MANJIMUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

8. Physical and Logical Access Policy

Finding

During our testing on IT procedures, we noted that the Shire does not have policies and procedures governing physical access and logical access to IT applications and infrastructure within the Shire.

This is the second year that OAG has raised audit findings in respect of the physical and logical access policy.

Rating: Moderate (2024: Moderate)

Implication

The absence of policies for physical and logical access to the Shire's IT applications such as Datascape and infrastructure poses a security risk, potentially increasing the risk of unauthorised individuals gaining access to sensitive information and systems.

Recommendation

We recommend the Shire establish policies and procedures for physical and logical access control to safeguard sensitive information and systems from unauthorised access.

Management comment

A draft of the policy is in the works, hope to have a draft adopted soon.

Responsible person: Chris Yovkoff – Manager ICT
Completion date: 31 December 2025

NAME OF ENTITY: SHIRE OF MANJIMUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

9. Change Management Policy

Finding

We noted the Shire lacks a formal change management policy, which is crucial for controlling and tracking changes to IT systems and infrastructure.

This is the second year that OAG has raised audit findings in respect of change management policy.

Rating: Moderate (2024: Moderate)

Implication

The absence of a formal change management policy makes it difficult to track and control changes to IT systems and infrastructure, increasing the risk of unintended consequences and disruptions to operations.

Recommendation

We recommend the Shire implement a formal change management policy to track and control changes to IT systems and infrastructure, minimising potential disruptions.

Management comment

A draft of the policy is in the works, hope to have a draft adopted soon.

Responsible person: Chris Yovkoff – Manager ICT
Completion date: 31 December 2025

NAME OF ENTITY: SHIRE OF MANJIMUP**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****10. Cyber Security Response Plan****Finding**

We noted the Shire does not have a cyber security response plan in place and no documented process to follow in the event of a cyber-attack.

This is the second year that OAG has raised audit findings in respect of the cyber security response plan.

Rating: Moderate (2024: Moderate)

Implication

Without an appropriate plan in place, the Shire may not be sufficiently prepared to act in the event of a cyber security threat or staff may not be aware of processes that should be followed. This may lead to the Shire's system being compromised, impacts on service delivery, unauthorised access to sensitive information and potentially financial loss to the Shire.

Recommendation

We recommend a cyber security plan be developed, including (but not limited to) addressing the following key areas:

- Risk assessment of the Shire's IT security control environment;
- Identification of safeguards and protections in place;
- Action plan in the event of a cyber security breach, including outlining the roles and responsibilities of staff / contractors during such an event.

Alternatively, we suggest the above could be included as a specific section within the Disaster Recovery Plan.

Management comment

A draft of the plan is in the works, hope to have a draft adopted soon.

Responsible person: Chris Yovkoff – Manager ICT
Completion date: 30 June 2026

NAME OF ENTITY: SHIRE OF MANJIMUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

11. Cyber security training

Finding

We noted the Shire does not provide regular cyber security related training provided to staff nor is cyber security included in induction training for new employees.

This is the second year that OAG has raised audit findings in respect of cyber security training.

Rating: Moderate (2024: Moderate)

Implication

The absence of cyber security related training exposes the organisation to increased vulnerability, as employees may lack awareness of security threats, best practices, and proper response protocols. This knowledge gap heightens the risk of data breaches, phishing attacks, and other cyber threats.

Recommendation

We recommend the Shire:

- implement comprehensive cyber security training programs for all employees to cover topics such as password security, recognising phishing attempts, safe browsing habits, and incident reporting procedures; and
- regularly update training materials to address emerging threats.

This proactive approach enhances the Shire's overall security position and empowers employees to contribute to robust cyber security culture.

Management comment

We have procured a vendor who will conduct the cyber security training. The IT department has been asked by the Senior Management Team to do some initial training with staff prior to the training system going live.

Responsible person: Chris Yovkoff – Manager ICT
Completion date: 30 June 2026

NAME OF ENTITY: SHIRE OF MANJIMUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

12. Testing of software and network infrastructure

Finding

We noted that periodic testing is not performed by the Shire to confirm that software and network infrastructure is secure.

This is the first year that OAG has raised audit findings in respect of testing of software and network infrastructure.

Rating: Moderate

Implication

Without regular testing of software and network infrastructure, bugs and vulnerabilities can remain undetected potentially impacting data integrity, user experience and overall system reliability leading to increased security risks and decreased system stability.

Recommendation

We recommend the Shire introduce periodic testing of software and network infrastructure to reduce security risks and ensure system stability.

Management comment

When the new budget is adopted, we be able to purchase a vulnerability scanner to run such tests and will be implemented this fiscal year.

Responsible person: Chris Yovkoff – Manager ICT
Completion date: 30 June 2026

NAME OF ENTITY: SHIRE OF MANJIMUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

13. Stored sensitive data is not encrypted

Finding

We noted the Shire's sensitive data is not encrypted when stored.

This is the second year that OAG has raised audit findings in respect of stored sensitive data not being encrypted.

Rating: Moderate (2024: Moderate)

Implication

Encryption of sensitive data ensures, should the data be intercepted or accessed without authorisation, the data remains unintelligible or unusable.

Recommendation

We recommend a process be put in place to encrypt the stored sensitive data as a tool against data breaches and cyber-crime.

Management comment

Noted, whilst the backup related data is deemed to be very secure the Shire will enable encryption going forward to enable further security.

Awaiting response on what is deemed "sensitive data".

Responsible person: Chris Yovkoff – Manager ICT
Completion date: 30 June 2026