

**Audit and Risk Management Advisory Committee Meeting Minutes
24 January 2026**

Minutes of the Audit and Risk Management Advisory Committee AR held in **JC Rose Room** on **Tuesday 24 January 2026**.

1. DECLARATION OF OPENING OF MEETING

The meeting was opened by Shire President Donelle Buegge at 1.56pm.

2. ATTENDANCE / APOLOGIES

Present:

- President Donelle Buegge
- Cr Steve Miolin
- Cr Jayde Darin
- Cr Andy Burns (1st Proxy)
- Cr Wade De Campo (2nd Proxy)

Apologies

- Cr Brayden Daniele
- Cr Julie Bettink

Observers:

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

3. TERMS OF REFERENCE

Functions	• As prescribed in Regulation 16 of the <i>Local Government (Audit) Regulations 1996</i>. • Providing a recommendation to the Council on the appointment of its Auditor under s.7.3 of the <i>Local Government Act 1995</i>. • To review the compliance audit return and to report to Council the results of that review in accordance with Regulation 14(3A) of the <i>Local Government (Audit) Regulations 1996</i>. • To consider the review of certain systems and procedures by the CEO in accordance with Regulation 17(3) of the <i>Local Government (Audit) Regulations 1996</i>.
Meeting frequency	Minimum of three (3) times per financial year.
Membership	The membership of the Audit and Risk Management committee comprises: • Shire President (ex-officio member). • Maximum of five (5), and minimum of three (3), Council members.

Proxy members	Two (2) members of Council shall be appointed to be the first and second proxy members of the committee, and they may attend and participate in the committee where a member is absent.
Quorum	The quorum for a meeting this committee is at least 50% of the number of offices (whether vacant or not) of members of the committee.

4. DECLARATION OF FINANCIAL INTERESTS

Nil

5. CONFIRMATION OF MINUTES OF THE MEETING HELD 2 DECEMBER 2025

Moved Cr Miolin / Seconded Cr Darin

“That the minutes of the Audit Committee meeting held on 2 December 2025 be adopted as a true and correct record of the meeting.”

Carried 5/0

6. MATTERS ARISING FROM THE MEETING HELD 10 SEPTEMBER 2025

Nil

7. RISK MANAGEMENT

Nil.

8. REVIEW OF EXPRESSION OF INTEREST DOCUMENTS – INDEPENDENT PERSON AUDIT COMMITTEE

ATTACHMENT : 2

The DB presented the DRAFT Expression of Interest Document for the Independent Person to the Committee. The Committee requested the removal of the remuneration figure and to state – “This is a remunerated position as per the Salaries and Allowances Act 1975, Part 6.4A – Meeting attendance fees for Independent Audit, Risk and Improvement Committee members – per meeting”.

Moved Cr Miolin / Seconded Cr Burns

“The Audit Risk Management Advisory Committee endorse the Expression of Interest document for presentation to Council with the removal of the remuneration figure and amend the remuneration section to include reference to the Salaries and Allowances Tribunal”.

Carried 5/0

**9. PRESENTATION OF FINANCIAL MANAGEMENT SYSTEMS REVIEW 2025
AND FINDINGS**

ATTACHMENT: 3

The DB presented the findings from the Financial Management Systems Review carried out by Lincolns. There were six findings, one medium risk and five minor risk findings. The corrections to these findings will be tracked as part of the effectiveness of compliance at all future Audit Committee meetings.

The Audit Committee requested the CEO and DB to consider a method to capture individual contractor spend to ensure purchase order compliance per the Auditors finding on Contractor Management.

Moved Cr Darin / Seconded Cr Miolin

The Audit Risk Management Advisory Committee receive the Financial Management Systems Review 2025 report and findings, and the Chief Executive Officer to investigate a suitable process to capture individual contactor spend and present proposed process at the next scheduled Audit and Risk Management Advisory Committee for consideration.

Carried 5/0

10. PRESENTATION OF REGULATION 17 REVIEW 2025 FINDINGS

ATTACHMENT: 4

The DB presented the findings from the Financial Management Systems Review carried out by Lincolns. There were six findings, all six were deemed medium risk findings. The corrections to these findings will be tracked as part of the effectiveness of compliance at all future Audit Committee meetings.

Moved Cr Burns / Seconded Cr Miolin

The Audit Risk Management Advisory Committee receive the Regulation 17 Review 2025 report and findings.

Carried 5/0

11. EFFECTIVENESS OF COMPLIANCE

ATTACHMENT: 5

DB presented the progress of items raised at the 2025 Interim and 2025 Annual Financial audit findings.

The Audit Committee were advised Item 12 – Testing of software and network infrastructure were complete with the introduction of a Vulnerability Scanner to the Shire's IT system.

12. GENERAL BUSINESS

2025 Compliance Audit Return (CAR)

DB noted that the CAR was always completed in January/February by staff and presented to the Audit Committee in March. This year the CAR has been delayed by the Department until later in the year to incorporate new questions post the appointment of the Local Government Monitor.

13. NEXT MEETING

The next meeting is scheduled for May 2026.

14. MEETING CLOSURE

The meeting was closed at 2.52pm.

Audit and Risk Management Advisory Committee Meeting Minutes 2 December 2025

Minutes of the Audit and Risk Management Advisory Committee held in **JC Rose Room** on **Tuesday 2 December 2025**.

1. DECLARATION OF OPENING OF MEETING

The meeting was opened by Shire President Donelle Buegge at 3.10pm.

2. ATTENDANCE / APOLOGIES

Present:

- President Donelle Buegge
- Cr Steve Miolin
- Cr Jayde Darin
- Cr Julie Bettink
- Cr Brayden Daniele

Apologies

- Ben Rose – Chief Executive Officer (CEO)

Observers:

- Greg Lockwood - Director Business (DB)

3. TERMS OF REFERENCE

Functions	• As prescribed in Regulation 16 of the <i>Local Government (Audit) Regulations 1996</i>. • Providing a recommendation to the Council on the appointment of its Auditor under s.7.3 of the <i>Local Government Act 1995</i>. • To review the compliance audit return and to report to Council the results of that review in accordance with Regulation 14(3A) of the <i>Local Government (Audit) Regulations 1996</i>. • To consider the review of certain systems and procedures by the CEO in accordance with Regulation 17(3) of the <i>Local Government (Audit) Regulations 1996</i>.
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Proxy members	Two (2) members of Council shall be appointed to be the first and second proxy members of the committee, and they may attend and participate in the committee where a member is absent.
Quorum	The quorum for a meeting this committee is at least 50% of the number of offices (whether vacant or not) of members of the committee.

4. DECLARATION OF FINANCIAL INTERESTS

Nil

5. CONFIRMATION OF MINUTES OF THE MEETING HELD 10 SEPTEMBER 2025

Moved Cr Darin / Seconded Cr Daniele

“That the minutes of the Audit Committee meeting held on 10 September 2025 be adopted as a true and correct record of the meeting.”

Carried 5/0

6. MATTERS ARISING FROM THE MEETING HELD 10 SEPTEMBER 2025

Nil

7. RISK MANAGEMENT

Nil.

8. PRESENTATION OF 2025 ANNUAL FINANCIAL ACCOUNTS AND MANAGEMENT REPORT

The DB presented the 2025 Annual Financial Accounts and Management Letter to the Audit and Risk Management Advisory Committee.

DB noted the late inclusion of the provision for rehabilitation of the Manjimup Landfill Site and subsequent Asset for the sites remaining life. This also required a prior year adjustment as the report used for the calculation was date December 2023.

It should be noted as part of the Office of Auditor General (OAG) requirements the 2025 Annual Financial Accounts and Management Report were presented to the Shire President, CEO and DB on the 13 November 2025 via Teams.

Moved Cr Miolin / Seconded Cr Darin

The Audit Committee receive and endorse the presentation of the 2025 Annual Financial Accounts to Council for acceptance.

Carried 5/0

9. EFFECTIVENESS OF COMPLIANCE

Nil

10. GENERAL BUSINESS

Inclusion of Independent Person on Committee

DB noted that the proposed requirements for an independent member of the Audit and Risk Management Advisory Committee had not been legislated yet put is proposed for the first quarter of 2026.

It was discussed and proposed to release the Expression of Interest document out to the public in January 2026 to meet this timeline.

Material Variance Reporting

Per Council's adoption of the 2024/25 Material Variance Amount, Council requested the variance amount be considered at the Audit and Risk Management Advisory Committee.

After much discussion the proposed variance was set at \$20,000 measured against the Nature and Type Local Government accounting categories. The following motion came from those discussions:

Moved Cr Darin / Seconded Cr Bettink

Propose the Material Variance Reporting threshold be set at \$20,000 for the Nature and Type Local Government accounting categories for the 2025/26 Financial Year.

Carried 5/0

11. NEXT MEETING

The next meeting is scheduled for 4 February 2026.

12. MEETING CLOSURE

The meeting was closed at 4.22pm.



Expression of Interest:

- **Independent Presiding Member – Chairperson**
- **Independent Deputy Presiding Member**

The Shire of Manjimup is seeking Expressions of Interest from suitably qualified and experienced independent professionals for appointment as the Independent Presiding Member (Chair) and Independent Deputy Presiding Member (Deputy Chair) of its Audit, Risk and Improvement Committee.

About the Audit, Risk and Improvement Committee

The Audit, Risk and Improvement Committee provides independent advice and assurance to Council regarding the adequacy and effectiveness of the Shire's financial management, risk management, governance, compliance and audit frameworks.

The Committee oversees the Local Government's functions in accordance with, but not limited to:

- Part 6 (Financial Management) and Part 7 (Audit) of the Local Government Act 1995;
- Regulation 16 (Functions of Audit Committee) and Regulation 17 (CEO to Review of Certain Systems and Procedures) of the Local Government (Audit) Regulations 1996; and
- Regulation 5(2) (Financial Management System Review) of the Local Government (Financial Management) Regulations 1996.

The Committee plays a critical role in supporting Council's oversight and accountability responsibilities and in promoting continuous improvement across the organisation.

About the Roles

Both the Independent Presiding Member (Chair) and the Independent Deputy Presiding Member (Deputy Chair) serve in an independent advisory and assurance capacity.

These roles do not involve operational decision-making.

Independent Presiding Member (Chair)

The Chair is responsible for leading and presiding over meetings of the Audit, Risk and Improvement Committee and ensuring the effective and independent operation of the Committee in accordance with legislative and governance requirements.

The Chair is expected to:

- Attend and preside over all Committee meetings.
- Provide independent leadership and guidance to support effective deliberations.
- Ensure meetings are conducted efficiently, constructively and within the approved scope.
- Facilitate informed discussion, inquiry and constructive challenge.
- Support the preparation of clear, balanced and evidence-based advice to Council.
- Uphold the independence, integrity and credibility of the Committee.

Independent Deputy Presiding Member (Deputy Chair)

The Deputy Presiding Member supports the Chair and contributes independent expertise.

The Deputy:

- May attend Committee meetings (attendance at all meetings is not mandatory).
- Must be available to preside over meetings in the Chair's absence, exercising the same authority and responsibilities when acting in that capacity.
- Supports continuity of leadership and the effective functioning of the Committee.

Time Commitment, Remuneration and Appointment

The Committee is required to meet four (4) times per annum, with additional meetings convened if required.

Meetings are generally up to two (2) hours in duration.

A meeting fee of \$770 per meeting is payable to both the Chair and Deputy Presiding Member.

Appointments are made by Council resolution, commencing 1 July 2026 and expiring at the conclusion of the next biennial local government election cycle in October 2027.

The appointment is not employment and does not constitute a contract for services. It is a legislative appointment under the Local Government Act 1995 and the Local Government Amendment Act 2024.

Eligibility and Independence Requirements

Applicants must:

- Be an Australian citizen or permanent resident.
- Be independent of the Shire of Manjimup, including:
 - Not currently serving as a Council Member or employee (including casual).
 - Not having served as a Council Member or member of Executive Staff of the Shire within the past 10 years.
 - Not currently serving as a Council Member or member of Executive Staff of neighbouring local governments.
 - Not having any direct or indirect commercial relationship with the Shire during the term of appointment.
- Not have been subject to bankruptcy or insolvency proceedings under the Bankruptcy Act 1966 (Cth).
- Not have been convicted of:
 - A serious local government offence; or
 - A criminal offence carrying an indictable penalty including imprisonment for more than five (5) years.

Skills and Experience

Applicants must be suitably qualified and experienced, with high-level expertise in one or more of the following areas:

- Statutory financial reporting.
- Financial management and internal controls.
- Risk management frameworks.
- Governance and accountability.
- Compliance and regulatory oversight.
- Internal and external audit.
- Data governance and cyber security risk.
- Strong interpersonal skills, sound professional judgement, and the ability to provide independent, objective and constructive advice are essential.

Qualifications

Tertiary qualifications in accounting, finance, law, governance, risk management, audit, information security, or a related discipline will be highly regarded, though not essential.

Want More Information?

Contact the Director of Business on 08 9771 7777 or visit the Shire's website at:
www.manjimup.wa.gov.au

How to Apply

Expressions of Interest must be submitted via email to info@manjimup.wa.gov.au and include:

- A brief covering letter outlining your interest and suitability for the role(s).
- A current resume detailing relevant experience.
- Copies of relevant qualifications.
- A current National Police Clearance (issued within the last three months).

Expressions of Interest Close: XXXX 2026.



Shire of Manjimup

Financial Management Review

23 December 2025

FINAL Review Report

(Review in Confidence)

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Financial Management Review Summary and Conclusion

Introduction

Lincolns was engaged by the Shire of Manjimup to undertake a Financial Management Review of the Shire's financial management systems, processes, and controls, in accordance with Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996.

The objective of the review was to assess the appropriateness and effectiveness of the Shire's financial management framework, identify areas of strength, and highlight opportunities for improvement consistent with better-practice standards in Western Australian local government.

The review was conducted independently and in accordance with ASAE 3000 – Assurance Engagements Other than Audits or Reviews of Historical Financial Information, providing limited assurance over the design and operation of key financial management controls.

This report outlines the work undertaken as part of the review and presents findings and recommendations for management consideration.

CEO's Responsibility for the Review Report

In accordance with Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996, the Chief Executive Officer is required to ensure that a Financial Management Review is undertaken at least once every three financial years.

The final review report, including management comments, is to be presented to the Audit Committee for consideration and acceptance.

Our Responsibility for the Review

Our responsibility was to conduct the Financial Management Review in accordance with ASAE 3000 and to report to the Chief Executive Officer on the findings arising from the review, including recommendations to strengthen financial management controls and processes where appropriate.

We confirm that we are independent of the Shire of Manjimup and its operations in relation to this engagement.

Review Limitations

The matters raised in this report are those identified during the course of performing the Financial Management Review and may not represent a comprehensive statement of all possible control weaknesses or process improvement opportunities within the Shire.

The review was risk-based and did not involve the examination of every financial system, transaction, or procedure. Accordingly, assurance is limited to the areas examined and the information made available during the review.

This engagement was not an audit, and as such, the procedures performed were not designed to identify all matters that might be identified in an audit conducted in accordance with Australian Auditing Standards.

This report has been prepared solely to satisfy the requirements of Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 and should not be used for any other purpose or distributed beyond the Shire without prior consent.

Scope and Methodology

Our review adopted a structured, risk-based approach and included the following key activities:

- Review of relevant financial policies, procedures, registers, reports, and supporting documentation
- Discussions with management and relevant officers to understand financial management processes and controls
- Assessment of the design and operating effectiveness of key financial management systems and procedures through testing that these systems were being observed
- Evaluation of practices against legislative requirements and better-practice guidance released by WALGA and the OAG

The review provides limited assurance, consistent with the professional standard applied.

Review Work Program

The Financial Management Review encompassed the following key financial management areas, as required under Regulation 5(1) of the *Local Government (Financial Management) Regulations 1996*:

- Procurement (including quotation and tender processes)
- Contract management
- Accounts payable
- Cash collection and handling
- Payroll
- General ledger controls, including general journals
- Rates, revenue, and debt management
- Investment management
- Asset management (excluding infrastructure assets)
- Budget development and monitoring

No other financial management systems or procedures were subject to review.

Review Conclusions

The Financial Management Review identified that the Shire has well established financial management systems and processes that generally support the effective management of public funds and meet the intent of the Local Government (Financial Management) Regulations 1996.

The review identified one medium risk matter relating to contract management oversight and several low risk matters primarily associated with documentation, evidencing of review, and timeliness of reporting.

No high-risk matters were identified.

The matters reported do not indicate fundamental weaknesses in the Shire's financial management framework and are considered appropriate for management attention as part of ongoing continuous improvement.

Executive Management Detailed Observations

The following matters were identified during the review and are reported below for consideration by Shire management. The matters identified are intended to support continuous improvement and strengthen existing governance and control practices:

Medium Risk Issues

1. Contract Management

Finding

The Shire currently maintains contract registers at a directorate level; however, a consolidated, organisation-wide contract register is not maintained or subject to periodic review. As a result, there is limited central oversight to support monitoring of

- contract expiry
- cumulative supplier expenditure
- compliance with quotation and tender requirements
- review of contract variations

We note also that the Shire does not currently have in place a process by which expenditure by supplier can be monitored to determine whether expenditure by supplier has got to a level that the Shire possibly should be considering going to the market in order to obtain best value for money. In these situations, there may be instances where the Shire is using a supplier (contracted by different areas within the Shire) to deliver services of a similar type but for small dollar values.

Recommendation

That management

- establish and maintain a consolidated contract register to support effective monitoring of contractual commitments, procurement compliance, and contract renewal timeframes and
- implement a formal monitoring process to identify non-compliance with the procurement policy, including cumulative supplier expenditure across directorates

Management Comments

The Shire's main software supplier is close to finalising a Contract Management program to undertake many of the points above which the Shire will adopt on finalisation, with the exception of "cumulative supplier expenditure".

Given the size of the Shire, suppliers tend to be specific to Directorates. An internal review of a suitable process to capture individual contractor spend (above a defined threshold, over a defined period) will be investigated.

Low Risk Issues

2. Cash Handling

Finding

Evidence of review was noted on cash handling documentation; however, reviewer sign-off was not consistently evidenced through dated signatures, limiting the ability to demonstrate independent review.

Recommendation

That management ensure cash handling reviews are consistently evidenced through dated reviewer sign-off.

Management Comments

The daily banking reconciliation sheets sighted by auditors were just a copy of the banking, with the originals held by front counter staff. The originals have the processing officer signature and the reviewer's signature.

3. Bank Reconciliations

Finding

Bank reconciliations reviewed did not consistently evidence the date of preparation or review. Management advised that this practice has since been implemented in the 2025–26 financial year, and the matter was also identified during the 2024–25 annual financial audit.

Recommendation

That management ensure bank reconciliations are consistently dated and evidence both preparation and independent review.

Management Comments

Agreed. As stated in the findings, changes have been incorporated by Management for the 2025/26 financial year, onwards.

4. Payroll Controls

Finding

A formal, documented review process for new employee setup in the payroll system was not evidenced following initial data entry.

Recommendation

That management implement a documented independent review of new employee payroll setup to confirm accuracy prior to first payment.

Management Comments

Agreed. To be reviewed by Coordinator of Administration and Finance.

5. Stock / Inventory Controls

Finding

Stocktake reports reviewed recorded quantities counted; however, supporting valuation information was not included. While stock adjustment journals were identified, the valuation of these adjustments could not be verified due to the absence of supporting documentation.

Recommendation

That management enhance stocktake documentation to include valuation information or reconciliation to supporting valuation records.

Management Comments

Processes are already in place, staff to be reminded to follow validation and authorisation procedure.

6. Monthly Statements

Finding

For several months reviewed, the monthly Statement of Financial Activity was not presented to Council within the timeframe prescribed under the Local Government (Financial Management) Regulations 1996.

Recommendation

That management implement controls to support timely preparation and presentation of monthly financial activity statements in accordance with legislative requirements.

Management Comments

Acknowledged (was also part of Interim Audit findings for the 2024-25 year).

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

Overall Summary and Next Steps

This review was undertaken to meet the requirements of Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 and provides limited assurance over the Shire's financial management systems and procedures.

The matters identified are considered appropriate for management attention and are achievable within existing governance and operational frameworks. Management responses and agreed actions should be monitored through normal governance processes, including reporting to the Audit Committee where appropriate.

This report concludes the Financial Management Review for the current review period.

Appendix A – Risk Criteria

The following risk criteria were used to assess level of risk on review of findings included in the Review Report.

Risk Assessment Matrix

Likelihood of Risk:

Rating	Description	Frequency
1	Rare – May occur, only in exceptional circumstances	< once in 15 years
2	Unlikely – Could occur at some time	At least once in 10 years
3	Possible – Should occur at some time	At Least once in 3 years
4	Likely – Will probably occur in most circumstances	At least once per year
5	Almost Certain – Expected to occur in most circumstances	> Once per year

Consequence of Risk:

Description	Financial Loss	Operation	Compliance	Reputation
1. Insignificant	<\$50,000	Little Impact	Minor breach of policy, or process requiring approval or variance	Unsubstantiated, low impact, low profile or no news item.
2. Minor	\$50,000 to \$250,000	Inconvenient Delays	Breach of policy, process or legislation requiring attention of minimal damage control	Substantiated, low impact, low news profile.
3. Moderate	\$250,000 to \$1 million	Significant Delays to major deliverables	Breach Requiring internal investigation, treatment or moderate damage control	Substantiated, public embarrassment, moderate impact moderate news profile.
4. Significant	\$1 million to \$3 million	Non achievement of major deliverables	Breach resulting in external investigation or third-party actions resulting in tangible loss and damage to reputation	Substantiated, public embarrassment, moderate impact, high news profile and 3rd party actions
5. Severe	>\$3 million	Non achievement of major deliverables	Breach resulting in external investigation or third-party actions resulting in significant tangible loss and damage to reputation	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, 3rd party

Risk Rating:

Risk = Likelihood x Consequence

Score	Level of Risk	Score	Level of Risk	Score	Level of Risk
1 – 8	Low	9 – 19	Medium	20 - 25	High



28 October 2025

Ben Rose
CEO
Shire of Manjimup
PO Box 1 / 39 Rose Street
MANJIMUP, WA 6258

Dear Ben & Greg

Regulation 17 Review

Please find attached the Final Regulation 17 review report for the Shire of Manjimup which now incorporates management comments.

We would like to thank your staff for the positive cooperation provided to us during the review process and for promptly providing information requested during the conduct of this review.

Kind Regards

A handwritten signature in black ink, appearing to read "Thomas Warner".

Thomas Warner
Audit Partner

Shire of Manjimup

Regulation 17 Review

28 October 2025

FINAL Review Report

(Review in Confidence)

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Regulation 17 Review Summary and Conclusion

Introduction

Lincolns was engaged by the Shire of Manjimup to undertake a comprehensive Regulation 17 Review of the systems and processes established by management in relation to Risk Management, Internal Control, and Legislative Compliance.

This review was conducted concurrently with the Financial Management Systems Review (FMR) to ensure alignment between governance, operational, and financial frameworks. (FMR report to be separately delivered).

The objective of the review was to assess the appropriateness and effectiveness of the Shire's existing frameworks, identify areas of strength, and highlight opportunities for improvement consistent with better-practice standards in Western Australian local government.

The engagement was conducted independently and in accordance with ASAE 3000 – *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Scope and Methodology

The review focused on evaluating whether the Shire has implemented appropriate and effective systems, policies, and procedures to ensure sound governance and compliance.

Consistent with the engagement documentation, the scope included:

- **Risk Management:** Identification, assessment, monitoring, and reporting of strategic and operational risks.
- **Internal Control:** Financial and non-financial controls, policy framework, ICT governance, fraud prevention, and accountability mechanisms.
- **Legislative Compliance:** Processes to ensure adherence to statutory and regulatory requirements, including Integrated Planning and Reporting (IPR) obligations.

The methodology was risk-based and practical, designed to balance compliance testing with insights on improvement opportunities. Key steps included:

1. **Planning and Liaison:** Review of prior reports, confirmation of scope, and identification of key contacts and documentation.
2. **Fieldwork:** Discussions with relevant officers, understanding development of systems and controls, and examination of supporting evidence such as policies, registers, minutes, and reports.
3. **Testing and Evaluation:** Assessment of the design and operating effectiveness of control systems through sampling and review of documentation.
4. **Reporting:** Compilation of findings, conclusions, and recommendations, distinguishing between legislative requirements and better-practice enhancements.

The review provides limited assurance in line with the professional standards above. The procedures undertaken were designed to obtain sufficient evidence to form a conclusion but not to identify every possible deficiency.

Review Work Program

The review work program was structured around the three prescribed areas of Regulation 17, supported by specific testing and document verification activities:

Risk Management

Evaluation of strategic and operational risk registers, governance and reporting processes, policy currency, and integration with business continuity and ICT disaster recovery arrangements. Consideration was given to the adequacy of risk ownership, control documentation, and the frequency of review and reporting to the Audit Committee.

Internal Control

Assessment of the design and implementation of internal controls across key business functions. This included review of policy frameworks, segregation of duties, ICT controls (user access, backups, and change management), fraud prevention, and awareness processes. Testing also examined the timeliness of policy reviews and the adequacy of procedures to support consistent application of controls across the organisation.

Legislative Compliance

Verification of systems and processes in place to ensure compliance with legislative obligations, including the Local Government Act 1995 and relevant subsidiary regulations. The review considered the effectiveness of monitoring mechanisms, record-keeping practices, and Integrated Planning and Reporting documents such as the Strategic Community Plan, Corporate Business Plan, Workforce Plan, Asset Management Plan, and Long-Term Financial Plan.

Review Conclusions

Based on our assessment of the management controls and processes that exist at the Shire regarding the above three key areas of the Regulation 17 review — Risk Management, Internal Control, and Legislative Compliance — we wish to conclude as follows:

Risk Management

The Shire maintains both strategic and operational risk registers that identify and assess key risks across governance, finance, ICT, and service delivery. The framework provides a solid base for managing organisational risk; however, formal review processes and scheduled updates have not been consistently undertaken. The Risk Management Policy and Framework are due for review, and broader business continuity arrangements beyond ICT recovery processes are yet to be established.

Key Points:

- Strategic and operational risk registers are in place but require regular, structured review.
- Risk Management Policy and Framework need updating to reflect current practices.
- Limited evidence of periodic risk reporting to the Audit Committee.
- ICT Disaster Recovery Plan is current, though a corporate Business Continuity Plan has not yet been developed.

Reinstating biannual risk reviews, updating documentation, and expanding business continuity planning will strengthen oversight and improve assurance across the organisation.

Internal Control

Internal controls are supported by a range of policies and procedures, though not all have been reviewed within their required timeframes. While the overall control environment is adequate, there is no overarching internal control policy or framework that brings together key responsibilities and review processes. Several important governance and integrity-related policies, including those covering Fraud Management, Public Interest Disclosure, and Freedom of Information, are overdue for review and would benefit from formal staff awareness and training programs.

ICT general controls are in place through managed systems and documented backup processes. However, there is limited evidence of formal user access reviews, change management records, and consistent ICT onboarding and offboarding procedures. Strengthening these processes will enhance system integrity and demonstrate a more robust control environment.

Key Points:

- The control environment is operational but lacks a consolidated internal control framework.
- Several key policies are overdue for review or missing.
- ICT controls exist but need clearer documentation and regular review.
- Improved training and awareness would enhance control consistency and accountability.

Implementing a formal policy and ICT control review schedule, supported by improved oversight and communication, will promote stronger governance and operational reliability.

Legislative Compliance

Legislative compliance is monitored through existing reporting and oversight mechanisms, including management review and Audit Committee consideration of compliance-related matters. However, there is no single consolidated framework that documents responsibilities, review timeframes, and reporting requirements. Oversight would be enhanced through the establishment of a formal compliance calendar and regular reporting schedule. Several Integrated Planning and Reporting (IPR) documents, including the Strategic Community Plan, Corporate Business Plan, and supporting informing strategies, are also due for review to ensure continued alignment and relevance.

Key Points:

- Compliance processes are active but not consolidated into a formal framework.
- Oversight and reporting can be improved through a documented compliance calendar.
- Key IPR documents are overdue for review and update.
- Improved documentation and structured reporting would strengthen overall compliance assurance.

Formalising compliance management processes and completing the scheduled IPR reviews will consolidate existing strengths and promote a consistent, transparent approach to legislative compliance.

Overall Summary

The Shire's governance, risk, and internal control systems are established and functioning effectively in most areas. The key opportunities for improvement include reinstating regular review cycles for risk and policy frameworks, strengthening ICT access and change management controls, developing a whole-of-organisation business continuity plan, and formalising compliance reporting.

With the recent appointment of a Governance and Risk Officer, the Shire is well placed to embed these improvements, reinforce accountability, and progress toward a more mature and integrated governance environment.

Findings and Recommendations

The following matters were identified which have been reported below for consideration by Shire management:

Medium Risk Issues

1. Risk Register

Finding

Testing confirmed the Shire maintains both strategic and operational risk registers, consistent with the requirements of Audit Regulation 17. The registers identify, assess, and allocate ownership for key risks across areas including finance, governance, ICT, workforce, and service delivery. Risks are rated for likelihood and consequence, with controls and treatment plans noted. Audit Committee minutes from 2024–25 confirm periodic review of risk management activity. The registers highlight ongoing ICT and cyber risks, as well as asset management and resourcing challenges, which are being actively monitored.

Formal review of the risk register has not been carried out in some time as the governance officer position was vacant, however we note this role have recently been filled.

Recommendation

It is recommended that the CEO establish a formal risk management review schedule, requiring both strategic and operational risk registers to be reviewed biannually. The manager of governance and executive services should maintain a Risk Review Log and provide summary reports to the Audit Committee confirming updates to risk ratings, control effectiveness, and treatment progress.

Management Comments

Agreed, with Manager of Governance and Executive Services appointed resources are now available to meet the recommendation.

2. IT General Controls

Finding

The Shire has appropriate IT controls in place through managed systems and documented backup procedures within the ICT Disaster Recovery Plan (v1.5, 2024). Daily backups are automated via Datto and DropSuite, with restoration steps defined. However, there is limited documented evidence of formal user access reviews or change management logs. The Shire would benefit from implementing a periodic user access audit and maintaining change control records for system updates to strengthen governance and align with best practice. Along with a formal process for on and off boarding of employees ITC access.

Recommendation

It is recommended that the CEO and ICT Manager implement a formal ICT access management framework incorporating:

- Quarterly user access reviews,
- A documented change control log, and
- A standardised on/off-boarding checklist for all staff and contractors.

These actions will enhance system integrity and governance compliance with Audit Regulation 17(c) and better practice guides published by the Office of Auditor General WA.

Management Comments

Agreed.

3. Integrated Planning and Reporting (IPR)

Finding

The Shire has adopted key Integrated Planning and Reporting (IPR) documents, including the

- Strategic Community Plan (2021–2031)
- Corporate Business Plan (2023–2027)
- Workforce Plan (2021–2031)
- Asset Management Policy (2016)
- Long-Term Financial Plan (2015–2026)

While these documents exist, formal reviews have not occurred within required timeframes, resulting in several plans being out of date. The absence of recent review and alignment limits the Shire's ability to demonstrate full compliance with the IPR framework.

Recommendation

It is recommended that the CEO complete the major review of the Strategic Community Plan by June 2025, and concurrently update the Corporate Business Plan, Workforce Plan, Asset Management Plan, and Long Term Financial Plan. These documents should be adopted by Council and published on the Shire's website.

Management Comments

With the Shire currently undertaking the Shire of Manjimup Town Blue Print project and Council Plan, Council will be in a very strong position to update those informing plans with valuable information direct from the community.

4. Policy Framework

Finding

The Shire has an established Policy Framework that outlines responsibilities, approval levels, and review cycles. However, review activity has not been consistent, with several mandatory and key operational policies overdue. Two required policies are missing (see finding 5), and others are beyond their scheduled review cycle, reducing assurance that policies remain relevant and compliant.

Policy Review Status Dashboard - Updated (2025)		
Policy	Codes of Conduct (Staff & Elected Members)	Current
	Risk Management Policy	Current
	Fraud Management Policy	Current
	Purchasing & Tendering Policies	Current
	Work Health & Safety	Current
	Related Party Disclosures	Overdue
	Collection of Outstanding Rates	Due
	Rates Exemption Policy	Overdue
	Freedom of Information Policy	Overdue
	Investment Policy	Due
	Asset Management Policy	Overdue
	ICT Continuity & Disaster Recovery Plan	Current
	Recordkeeping Plan (RKP)	Current
	Records Management Policy	Due
	Public Interest Disclosure (Whistleblower)	Overdue
		Status

Recommendation

It is recommended that the CEO introduce an annual policy review program integrated into the Governance and Risk Calendar. The review schedule should identify policies due for review, responsible officers, and Council adoption timelines. An annual summary of policy review activity should be reported to the Audit Committee, demonstrating compliance with *Audit Regulation 17(b)* and supporting transparency and good governance practices.

Management Comments

Agreed, recommendations to be implemented.

5. Whistleblower and Complaints Handling

Finding

The Shire maintains a formal Public Interest Disclosure (Whistleblower) Policy, which is compliant with legislative requirements but is overdue for review, per policy was due January 2024. While the framework for confidential disclosures is in place, staff awareness and communication around the process could be improved and formalised. The Complaints System Policy remains current and provides clear procedures for recording, investigating, and resolving complaints, with registers maintained and updated, demonstrating an effective record-keeping and accountability process.

Recommendation

It is recommended that the CEO review and re-adopt the Public Interest Disclosure Policy to ensure alignment with current legislative requirements. Staff should receive annual awareness training on

disclosure protections and reporting pathways. The existing Complaints System Policy should also be reviewed to ensure alignment with PID principles and *Audit Regulation 17(c)* requirements.

Management Comments

Agreed, recommendations to be implemented.

6. Audit Committee Performance

Finding

Audit committee is meeting regularly each year, but the frequency is not in line with best practice. 2023 financial year, 2 meetings held, 2024 financial year, 2 meetings held, and 2025 financial year, 3 meetings held to date. With 1 final expected as close of audit for financial year 2025.

Recommendation

It is recommended that the CEO and Audit Committee Chair adopt an annual Audit Committee meeting plan comprising at least four meetings per year, aligned with key audit and governance milestones (interim audit, final audit, Regulation 17 review, policy and risk reporting). This will enhance ongoing oversight and ensure adherence to *DLGSC Operational Guideline No. 9 – Audit Committees and Audit Regulation 16(c)*.

Management Comments

Agreed. This issue has been identified by Management and now that the new Audit Committee members have been appointed invitations will go for the next calendar year.

Low Risk Issues

7. ICT Disaster Recover & BCP

Finding

The Shire has an up-to-date ICT Disaster Recovery Plan (v1.5, November 2024) that clearly sets out recovery procedures, responsibilities, and review timeframes. Back-up systems are in place and functioning. While this provides solid coverage for ICT continuity, there is no evidence of recent testing or a broader organisational Business Continuity Plan to support service continuity beyond ICT systems. Development of a corporate-wide BCP and documented testing schedule would strengthen assurance.

Recommendation

It is recommended that the CEO ensure annual testing of the ICT Disaster Recovery Plan and document the results, including lessons learned and remedial actions. A corporate-wide Business Continuity Plan should be developed to cover critical business functions and interdependencies across the organisation. This will align with *Audit Regulation 17(c)* and strengthen overall business resilience and continuity planning.

Management Comments

Agreed, recommendations to be implemented.

8. Fraud and Corruption Controls

Finding

The Shire maintains a Fraud Management Policy (reviewed May 2021, next review May 2025) which sets a zero-tolerance position and defines reporting processes through the CEO, with escalation to Council or external authorities as required. While the policy promotes awareness and education, evidence of regular staff training or communication on fraud reporting mechanisms was not identified in the minutes, and this may be an area to strengthen.

Recommendation

It is recommended that the CEO implement a biennial fraud and corruption awareness program for all staff and elected members. This should form part of the compliance training calendar and induction process, with completion rates reported annually to the Audit Committee. This will strengthen the control environment and align with *Audit Regulation 17(c)* and the *Public Sector Commission's Integrity Strategy for Public Authorities*.

Management Comments

Agreed, recommendations to be implemented.

Overall Summary and Next Steps

Following completion of this Regulation 17 Review and consideration of management comments, the Shire has accepted and prioritised the identified improvement actions across Risk Management, Internal Control, and Legislative Compliance.

Overall, the review found that the Shire maintains sound governance and control frameworks, supported by an appropriate policy base and internal processes. The areas requiring further attention primarily relate to documentation, review frequency, and formalisation of procedures rather than control deficiencies.

Key themes emerging from the review include:

- The need to re-establish structured review cycles for policies, risk registers, and compliance frameworks.
- Enhancement of ICT access management, change control, and organisation-wide business continuity planning.
- Strengthening awareness, training, and documentation to support consistent control application.
- Integration of risk, control, and compliance reporting through the Audit Committee to reinforce oversight.

The agreed actions arising from management responses will be incorporated into the Shire's Governance and Risk Action Plan and monitored through regular reporting to the Audit Committee. These improvements, once implemented, will further strengthen the Shire's overall governance maturity and ongoing compliance with Regulation 17 requirements.

2025 Interim Audit

	Risk Level	Completion	Comment
MANAGEMENT LETTER			
1 - Bank reconciliations	Significant	Completed	
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.			Ongoing review for completion of Bank Rec in timely manner. Note that significant effort is required to review/investigate difficult to identify deposits.
2 - Debtor and creditor reconciliations	Moderate	Completed	
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.			Staff will continue as end of month process, but introduce a second print at 20th month to better reflect accounts reported to Council.
3 - Manual journals	Moderate	Completed	
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.			Error existed in cloned journals with old work flows. This should not occur now that they have been updated.
4 - Outdated Policies	Moderate	Under Review / Ongoing	
We recommend the policies be reviewed and updated where required.			Already have had 2 x policies to Council with more to go as a regular process
5 - Monthly financial statements provided to Council	Moderate	Completed	
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.			This was an anomaly that has been corrected.
6 - IT Strategic Plan	Moderate	Completed	
We recommend the Shire develop an IT Strategic Plan to guide technological decisions and initiatives, aligning them with the Shire's overall business objectives.			To be included in the overall Risk Register so that all risk items are in the one spot.
7 - IT Risk Register	Moderate	Under Review	
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.			A draft of the register is in the works, hope to have a draft adopted soon.
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.			

2025 Interim Audit

	Risk Level	Completion	Comment
8 - Physical and Logical Access Policy	Moderate	Under Review	
We recommend the Shire establish policies and procedures for physical and logical access control to safeguard sensitive information and systems from unauthorised access.			A draft of the policy is in the works, hope to have a draft adopted soon.
9 - Change Management Policy	Moderate	Under Review	
We recommend the Shire implement a formal change management policy to track and control changes to IT systems and infrastructure, minimising potential disruptions.			A draft of the policy is in the works, hope to have a draft adopted soon.
10 - Cyber Security Response Plan	Moderate	Under Review	
We recommend a cyber security plan be developed			A draft of the policy is in the works, hope to have a draft adopted soon.
11 - Cyber security training	Moderate	Complete	
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.			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.
12 - Testing of software and network infrastructure	Moderate	Under Review	
We recommend the Shire introduce periodic testing of software and network infrastructure to reduce security risks and ensure system stability.			Vulnerability scanner no in place testing for issues.
13 - Stored sensitive data is not encrypted	Moderate	Under Review	
We recommend a process be put in place to encrypt the stored sensitive data as a tool against data breaches and cyber-crime.			Noted, whilst the backup related data is deemed to be very secure the Shire will enable encryption going forward to enable further security.

2025 Annual Financial Audit

	Risk Level	Completion	Comment
MANAGEMENT LETTER			
1 - Manual Journals	Moderate		
The Shire should ensure that manual journals are reviewed and approved by appropriate Officers and who are independent of journal preparation.		Completed	In the instance listed above the workings within the Journal were prepared by the Finance Officer however given the size of the journal uploaded into Datascape by the Coordinator of Administration and Finance who also received verbal approval from the Director of Business. Unfortunately the Coordinator of Administration and Finance was noted as preparing and approving the journal. A review of the automated workflows has now been completed with fixes put in place.
2 - Accrued Expenses	Minor		
We recommend that outstanding purchase orders be reviewed at year-end to confirm whether the goods or services have been received before recognising the related amount as an accrued expense.		Ongoing	The Shire's finance staff review all purchase orders during the year and as part of the end of year process, however some external staff interpret what an accrued expense is differently. Finance staff will refine the process with the intent of removing the issue going forward.
3 - Write-off of minor rate balances	Minor		
We recommend that all minor rate balance write-offs should be reviewed and approved by the CEO in accordance with Finance Policy 4.1.7.		Completed	Agreed. Staff member has been advised of the need to follow policy.
4 - Fuel Card Policy	Minor		
We recommend that management develop and implement a Fuel Card Policy that defines how cards are issued, used, and reviewed. This will strengthen internal controls and ensure consistent oversight of fuel expenditure.		Under Review / Ongoing	Management Policy in place which requires updating and review.