SHIRE OF CARNARVON

AUDIT, RISK & IMPROVEMENT COMMITTEE MINUTES

TUESDAY 9 DECEMBER 2025

<u>CONFIRMATION OF MINUTES</u>
These minutes were confirmed by the Council on

as a true and accurate record

Chairman

Shire Council Chambers
Stuart Street Carnarvon, West Australia
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Website – www.carnarvon.wa.gov.au

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In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of the Shire of Carnarvon during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Carnarvon. The Shire of Carnarvon warns that anyone who has an application lodged with the Shire of Carnarvon must obtain and only should rely on WRITTEN CONFIRMATION of the outcome of the application, and any conditions attaching to the decision made by the Shire of Carnarvon in respect of the application.

To be noted that, in accordance with Regulation 11 of the Local Government (Administration) Regulations 1996, the minutes of the Council Meeting are a record of the decisions of the Council, any additional officers' advice, and explanatory notes as required. The minutes contain a **summary** of questions asked by members of the public and the answers given. The minutes **are not** a transcript of the proceedings of the meetings.

INFORMATION ON PUBLIC QUESTION TIME

The following information is provided should you wish to ask a question of Council at the Ordinary Meetings held on a monthly basis.

Please note that questions that have not been filled out on the Submission Form will not be accepted.

- The Local Government Act 1995 allows members of the public to ask questions in regard to any issue relating to the Shire.
- A maximum of 15 minutes will be allowed for public question time and the Presiding Member will allow a maximum of three (3) verbal/written questions per person.
- Prior to asking a question, the speaker must state his/her name and address.
- Members of the public are discouraged from asking questions which contain defamatory remarks, offensive language or questioning the competency of staff or Council members.
- The Presiding Member may nominate a member or officer to answer the question and may also determine that any complex questions requiring research be taken on notice and answered in writing.
- No debate or discussion is allowed to take place on any question or answer.
- A summary of each question asked and the response given will be included in the minutes of the meeting –

Local Government (Administration) Regulations 1996 – Pt 2, r.11 – (in part reads -)
11. Minutes, content of (Act s.5.25(1)(f))
The content of minutes of a meeting of a council or a committee is to include –
(e) a summary of each question raised by members of the public at the meeting and a summary of the response to the question.

Responses to questions that are taken on notice will be responded to as soon as possible.

- If you wish to ask a question, please complete the Public Question Time Submission Form at the back of this information sheet. Alternatively, questions can be submitted in writing to the Shire of Carnarvon 3 days prior to the meeting.

SPECIAL MEETINGS OF COUNCIL
Members of the public are welcome to attend a Special Meeting of Council if open, and ask questions of the Council within the allotted public question time **subject to the questions being asked only relating to the purpose of the Special Meeting** (s5.23 of the Act and regulation 12 (4) of the Local Government (Administration) Regulations 1996, the Department of Local Government and Communities Guide to Meetings and Governance Bulleting April 2014 and Guideline No. 3 Managing Public Question Time.)

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1 ATTENDANCES AND APOLOGIES

The Presiding Chair declared the meeting open at 10.34am

Ms Leah Horton .... Independent Chair
Mr Eddie Smith .... Shire President
Cr Paul Kelly .... Councillor, Town Ward
Cr Mark Young .... Councillor, Coral Bay Ward
Mrs Amanda Dexter .... Chief Executive Officer
Mrs Amanda Leighton .... Executive Manager, Corporate Strategy & Performance
Mrs Sarah Pearton .... Manager, Finance

Apologies
Nil
Leave of Absence
Nil

Press .... Nil
Observers: Mr Stephen Brown (Deputy Presiding Member/Independent); Cr Kelly, Cr Beard; Cr Ferreirinha; Cr D Maslen; Mr J Bone, Miss S Leca, Mr Stefan Louw

2 PUBLIC QUESTION TIME

(In accordance with Section 5.24 of the Local Government Act 1995, a 15 minute public question time is made available to allow members of the public the opportunity of questioning Council on matters concerning them. All questions are to be provided on the Public Question Time Submission Form.)

There was no public in attendance.

3 DECLARATIONS OF INTEREST

(Elected Members and Officers are reminded of the requirements of Section 5.65 of the Local Government Act 1995, to disclose any interest during the meeting or when the matter is to be discussed.)

Nil

4 CONFIRMATION OF MINUTES

4.1 Minutes of the Audit and Risk Management Committee Meeting – 26 August 2025

These minutes to be confirmed at the Audit & Risk Improvement Committee to be held on 16 December 2025.

5 REPORTS

5.1 ANNUAL FINANCIAL REPORT INCLUDING THE INDEPENDENT AUDITORS RREPORT

File No:	ADM0031
Location/Address:	N/A
Name of Applicant:	Shire of Carnarvon
Name of Owner:	N/A
Author(s):	Amanda Leighton, Executive Manager, Corporate Strategy & Performance
Authoriser:	Amanda Dexter, Chief Executive Officer
Declaration of Interest:	Nil
Voting Requirement:	Absolute
Previous Report:	OCM 11/12/24
Schedules:	Nil

Authority/Discretion:

☐	**Advocacy**	When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
☑	**Executive**	The substantial direction setting and oversight role of the Council. E.g., adopting plans and reports, accepting tenders, directing operations, setting and amending budgets
☐	**Legislative**	Includes adopting local laws, town planning schemes and policies.
☐	**Information**	Includes items provided to Council for information purposes only that do not require a decision of Council (i.e. – for noting).
☐	**Quasi-judicial**	When Council determines an application / matter that directly affects a person's right and interest. The judicial character arises from the obligations to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licenses, applications for other permits / licenses

Summary of Report

This item presents the audited Annual Financial Report, the Independent Auditor's Report and the Final Management Letter for the financial year ended 30 June 2025. The Audit, Risk and Improvement Committee (ARIC) is requested to review the audit outcomes, note the management responses to the identified control findings, and recommend the Annual Financial Report to Council for adoption.

Council adoption of the Annual Financial Report will enable preparation and publication of the Shire's Annual Report in accordance with the *Local Government Act 1995* and allow the Annual Electors' Meeting to be scheduled within the statutory timeframes.

Background

In accordance with section 7.9 of the *Local Government Act 1995*, an auditor is required to examine the accounts and annual financial report of a local government. Upon completion of the audit, the auditor must prepare a report and submit it by 31 December following the end of the financial year to:

- The Mayor or President;
- The Chief Executive Officer; and
- The Minister.

Under Regulation 10(4) of the *Local Government (Audit) Regulations 1996*, the auditor may also prepare a Management Letter, which provides additional commentary on the audit process, internal control issues, or any other matters deemed relevant. While generally not material in relation to the overall audit of the financial report, are nonetheless considered relevant to the day-to-day operations of the Shire. This Management Letter accompanies the auditor's report and is similarly forwarded to the individuals specified under section 7.9 of the *Local Government Act 1995*.

For the year ended 30 June 2025, the audit was conducted by the Office of the Auditor General (OAG)**,** with William Buck Audit as its contracted auditor. Consistent with statutory requirements, the Shire attended the Final Audit Exit Meeting with the William Buck Audit at midday on Friday 5 December 2025. This meeting was attended by Shire President Eddie Smith, Councillor Paul Kelly, Councillor Mark Young, CEO Mandy Dexter, Shire employees – Amanda Leighton, Sachine Kumar and Rebekah Seknder, Ann Ang from the OAG, and Grace Ng and Deborah Chin from William Buck.

At approximately 7:00pm that same evening, the OAG issued:

- The signed Independent Auditor's Report
- The Final Annual Financial Report
- The Final Management Letter
- Transmittal letters to the Shire President & CEO

As outlined in the transmittal letters, the Shire must publish the audited Annual Report, including the auditor's report and audited financials, within 14 days of Council acceptance.

This agenda item ensures compliance with the:

- *Local Government Act 1995*;
- *Local Government (Audit) Regulations 1996*;
- *Local Government (Financial Management) Regulations 1996*; and
- Fulfils ARIC's governance responsibility to recommend the audited financial report to Council.

Stakeholder and Public Consultation

Internal

- Chief Executive Officer
- Executive Leadership Team
- Finance Department

External

- Office of the Auditor General
- William Buck Audit (Contracted by the OAG to conduct the audit)

Public consultation is not required at this stage, however public disclosure will occur upon Council endorsement and inclusion in the Annual Report.

Statutory Environment

Local Government Act 1995

- Section 6.4(1) and (2) requires the Shire to prepare an annual financial report for the preceding financial year which is to be presented in the manner and form prescribed.
- Section 6.4(3) requires the Shire to submit to its auditor the accounts balanced up to the last day of the preceding financial year and to submit the annual financial report by 30 September.
- Section 5.53(2)(f) and 5.53(2)(h) requires the Shire to prepare an annual report that includes the financial report and auditor's report for the financial year.

- Section 5.54 requires the Shire to accept the annual report for a financial year by no later than 31 December after that financial year, unless the auditor's report is not available in time, then it is to be accepted no later than two months after the auditor's report becomes available.
- Section 7.9 requires an auditor to examine the local governments accounts and annual financial report each financial year and to prepare an auditor's report. This provision outlines the scope of the audit, the matters that must be addressed, and the requirements for the report to be submitted to both the local government and the Minister.
- Section 7.12A requires Council to take action in relation to matters identified as significant by the auditor. Council must prepare a written response addressing the audit findings and outline the actions proposed or taken. This response must be provided to the Minister within the prescribed timeframe set out in the act.

Local Government (Financial Management) Regulations 1996

- Regulations 5 and 51 prescribe the form, content, and presentation requirements of the Annual Financial Report. These regulations specify the accounting principles to be applied, the disclosures to be included and the structure of the statements to ensure consistency, transparency and compliance across local governments in Western Australia.
- Regulations 36 to 49 set out the required treatment of assets, liabilities, borrowings, reserves, valuations and related disclosures. These provisions prescribe how financial information must be recognised, measured and reported, ensuring that all local governments apply consistent accounting practices and maintain transparency in their financial reporting.

Local Government (Audit) Regulations 1996

- Regulation 10 requires the auditor to forward the auditor's report to the persons specified in section 7.9(1) of the *Local Government Act 1995* within 30 days of completing the audit. The auditor's report must provide the auditor's opinion on the financial position of the local government and the results of its operations and include a report on the conduct of the audit. Where the auditor considers it appropriate, a separate management report is to be prepared to accompany the auditor's report and forwarded to the same persons specified in section 7.9(1).
- Regulation 16 and 17 outline the roles and responsibilities of the Audit Committee and Council in relation to the annual financial audit. These regulations require the Audit Committee to review the annual financial audit report, monitor the actions arising from audit findings, and report to Council on the adequacy of the Shire's response. Council must consider these findings and ensure appropriate measures are taken to address any matters raised through the annual financial audit process.

Relevant Plans and Policy

This report aligns to:

- Strategic Community Plan
- Corporate Business Plan

Financial Implications

There are no direct unbudgeted financial impacts associated with receiving the audit outcomes.

The following financial matters were adjusted and disclosed through the audit process:

- Adjustments to capital valuations relating to Lotteries House and other building assets.
- Corrections to grant recognition and contract liabilities.
- Reclassification between reserves and valuation movements.
- Expected Credit Loss recognition for outstanding REX receivables.

Adjusted and unadjusted differences are itemised in the final management report.

There are financial governance implications if audit recommendations are not addressed, however management responses and timeframes are now confirmed.

Risk Assessment

STEP 3 – Risk Tolerance Chart Used to Determine Risk						
Consequence		Insignificant 1	Minor 2	Major 3	Critical 4	Extreme 5
Likelihood						
Almost certain	A	High	High	Extreme	Extreme	Extreme
Likely	B	Moderate	High	High	Extreme	Extreme
Possible	C	Low	Moderate	High	Extreme	Extreme
Unlikely	D	Low	Low	Moderate	High	Extreme
Rare	E	Low	Low	Moderate	High	High

Financial	Risk of incorrect allocation of balances, valuation misclassification or delayed reconciliation, resulting in potential misstatement of financial information.	2C – Moderate	Suspense account reconciliation underway; quarterly signatory confirmation; asset ownership verification now mandatory; structured ARIC monitoring.
Health & Safety	No direct impact on physical work or operational safety risk.	1D – Low	Administrative matter only – no further action required.
Reputation	Risk of perceived weak governance if audit responses were not addressed promptly, leading to reduced stakeholder confidence.	2C – Moderate	Immediate corrective actions implemented; documented improvements; transparent reporting back through ARIC; timely publishing obligations met.
Service Disruption	Potential interruption to system access if permission changes were implemented without maintaining continuity roles.	1C – Low	Minimum number of operational superusers maintained; time-bound elevation process; organisational knowledge retained.
Compliance	Risk of non-compliance with audit requirements, publication timeframes and verification processes linked to asset management and system access.	2C – Moderate	Revised procedures; evidence attached to reconciliation packs; CEO access revoked; legal ownership confirmation retained; process escalations formalised.
Property	Risk associated with incorrect asset ownership recognition affecting long-term planning, insurance coverage and financial disclosure.	2D – Low	Legal ownership confirmed; valuation reinstated; ownership evidence retained; asset valuation frameworks updated.
Environment	No environmental regulatory or operational exposure linked to findings.	1D – Low	Nil required.
Fraud	Risk of information or master file manipulation due to elevated system access, if not monitored.	2C – Moderate	Monthly system audit logs reviewed; dual authorisation requirements; independent review of access changes.

Community and Strategic Objectives

The proposal aligns with the following desired objectives as expressed in the *Community Strategic Plan 2022-2032*:

<u>OBJECTIVES</u>

In 2040 Carnarvon is a place where:

- *Our community is engaged, inclusive and supportive*

ADDITIONAL FOCUS AREAS:

- *Improve the trust between citizens and the Shire of Carnarvon*

BIG IDEAS FOR THE FUTURE OF CARNARVON:

- *N/A*

Comments

The Final Management Letter identifies five internal control findings. These are summarised herein for ARIC monitoring and assurance:

Table 1 – Internal Control Findings

Finding	Rating	Target Completion Date
1. Bank signatories not updated	Moderate	December 2025
2. Unclaimed monies	Moderate	February 2026
3. Accounts payable suspense balances	Minor	February 2026
4. Excessive superuser access	Significant	December 2025
5. Asset revaluation verification (Lotteries House)	Significant	February 2026

Finding 1 – Bank Signatories Not Updated

This finding relates to the delayed removal of a former employee from the authorised signatory listing maintained by the Shire's banking institution. When the employee ceased employment with the Shire, all internal separation actions were completed correctly, including revocation of access to internal financial systems and payroll arrangements. Notification to the Shire's banking institution was also issued at the time, however they failed to process this change promptly, resulting in the former employee continuing to appear on the signatory register at the time of audit.

Notwithstanding that the former employee no longer had access to the Shire's internal systems or banking access permissions, the delayed removal presented a residual control risk which required corrective action. It is important to note that the Shire's banking framework requires dual signatory authorisation for all payments and account changes, no single individual current or former, is able to initiate transactions independently. This significantly reduces the potential exposure associated with the delayed removal and ensures that appropriate safeguards remained in place.

To resolve this matter, the Finance Department lodged a renewed request with the Shire's banking institution for urgent processing, and confirmation of removal is now being tracked until finalised.

To further strengthen oversight and prevent recurrence, the following controls have been introduced:

1. <u>Revised Off-Boarding Checklist</u>
   The Shire's existing off-boarding process will be enhanced to include formal follow-up confirmation from the Shire's banking institution once access changes have been completed. While removal requests are already lodged at the time of separation, the checklist will now explicitly require evidence that the Shire's banking institution has completed the update, ensuring full closure of access and documentation of the date this occurs.

2. Quarterly Independent Review of Signatories
   A scheduled review is now undertaken by the Executive Manager Corporate Strategy and Performance, and the Finance Manager, confirming current access against an employee's position status.

Finding 2 – Unclaimed Monies
This finding relates to the balance held in the Shire's unclaimed monies ledger, which reflects historical customer refunds and payments awaiting return to the rightful party. The audit identified that these legacy balances have not moved materially year-on-year and therefore continue to remain recorded as a liability.

The balances primarily relate to historical matters where ratepayers and former property owners could not be contacted, despite attempts made by the Shire to reconcile and refund these amounts. In prior years, contact using last-known addresses and email records was unsuccessful, and no updated contact information was available.

The Shire acknowledges that under the *Unclaimed Money Act 1990*, funds that cannot be returned to the rightful owner after a legislated period may require transfer externally. The Shire has received conflicting guidance previously as to whether local governments are required to remit these funds to the WA Department of Treasury, noting that legislation and advice received over time has not been definitive across the local government sector.

Independent advice is currently being sought to confirm the appropriate treatment and transfer requirements so that the balance can be resolved transparently and compliantly.

While this matter has been raised in previous audits, the risk profile remains low because the balances recorded do not inflate revenue or misstate net financial position and are correctly held as a liability pending final determination.

To resolve this matter and strengthen controls, the Shire has commenced the following actions:

1. Detailed reconciliation of all aged balances
   All transactions within the account will be reviewed individually, cross-checked with original supporting documents, and matched against any available ownership or contact changes.
2. Final determination of transfer requirements
   Once external advice is received, outstanding balances that legally qualify as unclaimed monies will be processed appropriately, ensuring the Shire meets required compliance obligations.
3. Clear accountability and procedural responsibility
   Accountability for the reconciliation and disposal process has now been assigned to the Finance Manager to ensure continuity, oversight and timely reporting to ARIC.
4. Monthly review cycle in conjunction with creditor reconciliations
   The unclaimed monies ledger will be incorporated into the monthly reconciliation program to ensure ongoing monitoring and appropriate clearing of balances as they arise.

Finding 3 – Accounts Payable Suspense Accounts
This finding relates to the balances held within the Shire's accounts payable suspense account, which historically contained transactions relating to unidentified deposits or legacy amounts that had not been allocated to their correct ledger accounts. These balances accumulated over an extended period, and some entries relate to transactions where original supporting records were difficult to locate due to their age, staffing changes, and archival limitations.

While the suspense account has not resulted in any misstatement of cash or bank balances, the delay in clearing transactions meant that liabilities were not consistently allocated against the appropriate activity, supplier or project at the time they were incurred. Suspense accounts are intended to be temporary holding accounts and should be cleared in a timely manner once the correct accounting classification is confirmed.

To address this finding, the Finance Department will undertake a detailed review of all historical amounts and commence reconciliation of each transaction back to source records, archived documents, and bank statements. Where confirmation of the original purpose has been obtained, the appropriate allocation will be processed.

To prevent recurrence and to strengthen transparency and reconciliation timeliness, the following corrective actions are being implemented:

1. Integration into monthly creditor reconciliation
   The suspense account will now form part of the regular monthly creditors reconciliation process, enabling visibility of outstanding transactions and ensuring that all items are cleared within reasonable timeframes.
2. Assignment of accountability and finalisation timeline
   Process accountability has been assigned to the Finance Manager, allowing for structured follow-up and tracking of progress against remaining items, with updates reported via ARIC.
3. Improved transaction recording practices
   Where unidentified deposits occur, Finance staff will document additional contextual information immediately at receipt, including transaction references, contact information, or project identifiers, ensuring quicker classification.
4. Closure of historical entries
   The remaining balances are being reconciled progressively, with archived documentation retrieval underway to determine the appropriate matching transaction. Where evidence cannot be reasonably obtained, a formal adjusting process will be undertaken consistent with audit direction and internal delegations.

Finding 4 – Excessive Super User Access
The audit identified that six users previously held unrestricted access across multiple SynergySoft modules. While the audit recognises this as a significant control finding, the Shire has now undertaken a full review of access requirements and has removed super-user permissions for the Chief Executive Officer (CEO).

The CEO’s prior access had been granted to support system-wide review of financial structures, workflows, historic data handling and service delivery arrangements during a period of organisational realignment and business system stabilisation. As this requirement has been met, elevated access is no longer required at an executive level.

Following access review, the Shire considers that the remaining users who continue to hold elevated permissions do so genuinely due to operational necessity. Historical system configurations, incomplete role-based security segmentation and legacy set-up of workflow rules mean that certain administrative-level adjustments cannot be performed without elevated permissions.

Mitigating controls have continued to operate during the period referenced, thus reducing exposure and include:

1. Monthly internal audit reporting across critical financial modules
   System-generated audit logs capture changes to supplier data, employee master records, general ledger structures and approval pathways. These logs include overlapping time periods so that retrospective edits cannot be concealed and unresolved entries cannot fall outside audit windows. These are also prepared, reviewed and verified by different officers.
2. Dual authorisation and workflow integrity maintained
   Elevated permissions do not override payment authorisation rules or delegation-based approvals.
3. Independent review of access changes
   Where system-level changes or elevated permission amendments occur, these are reviewed and verified by different officers. This review includes verification that the request aligns with the role, that access was required, and that the duration of elevated access was appropriate.

4. Historic access is being rationalised and modernised
   As part of a broader system remediation, role profiles are being corrected so that future access aligns precisely with duty requirements, removing historical administrative rights inherited from legacy positions. This will be an ongoing project, which may only be fully resolved once an Enterprise Resource Planning software reconfiguration, or a new system is implemented.

To further strengthen governance, the following controls have now been formalised:
- CEO access removed
- Access limited to only those positions with legitimate operational need
- Monthly internal audit documentation retained and signed off by reviewer
- Temporary elevation is time-bound, restricted, monitored and recorded

Finding 5 – Verification of Land and Building Revaluation Ownership
The audit identified that during the 2024/25 asset valuation cycle, one building asset (Lotteries House) was initially removed from the fixed asset register based on advice provided at that time. The initial advice suggested that the asset was not legally owned by the Shire and therefore not eligible for recognition under *Australian Accounting Standards* and the *Local Government (Financial Management) Regulations 1996*.

Upon further review and clarification of historical ownership arrangements, written legal confirmation was obtained on 28 November 2025, verifying that the property remains an asset of the Shire. On receipt of that confirmation, the building asset was reinstated in the fixed asset register, and the associated valuation adjustment was correctly processed into the audited Annual Financial Report.

While the reinstated value has now been properly recognised, the initial removal highlighted weaknesses in the evidence trail used to validate asset ownership during revaluation processes. This did not result in incorrect disclosures in the final audited statements, however earlier assumptions created risk of material misstatement and risk exposure relating to asset control, insurable interests and financial reporting accuracy.

The Shire has now implemented strengthened controls to ensure assets cannot be removed, transferred or materially revalued without clear verification of legal ownership, use-rights, and custodial responsibility. The corrective actions are as follows:
1. Mandatory Ownership Confirmation Prior to Valuation Adjustment
   Before any asset is reclassified, disposed, or valued at nil, documented proof of ownership will be required, including title searches, lease agreements, vesting instruments or legal correspondence.
2. Formal Valuation Due Diligence Checklist
   A validation checklist has been implemented, requiring the valuer and the Shire to jointly sign off on key verification items prior to acceptance of valuation outcomes.
3. Integration Into Asset Management Planning
   Asset classification, custodial control and valuation treatment will be integrated into lifecycle management and disposal reviews, ensuring that legal ownership is reflected in reserve treatment and long-term financial planning.
4. Retention of Ownership Evidence within Financial Workpapers
   All ownership documentation will now be attached to valuation records, forming part of the audit file. This provides a demonstrable and consistent audit trail in future periods.
5. Escalation of Uncertain Determinations
   Where ownership is not immediately clear, the matter will be escalated to the Executive Manager Corporate Strategy and Performance for review and, if required, external legal confirmation before asset derecognition is progressed.
6. Review and update of internal valuation and asset verification procedures
   Internal process documentation will now be updated to reflect these requirements, ensuring that future officers applying valuation changes are guided by a consistent, documented procedure. This includes linking the process into the Shire's financial year-end planning schedule, asset renewal program and reconciliation sign-off documentation.

Summary
The audit findings relate to legacy configuration issues, procedural gaps and historical practices that required strengthening to ensure clearer control pathways, improved traceability and compliance with statutory financial obligations. While none of the matters resulted in a material misstatement of the annual financial report, each highlighted areas where documentation, follow-up processes and system structures could be improved to reduce organisational risk moving forward.

The corrective measures being implemented, such as access rationalisation, enhanced reconciliation practices, structured follow-up for external changes, ownership verification documentation, and clearer audit trails, are designed to embed accountability and mitigate the risk of error, delay or unauthorised activity. These improvements will support stronger segregation of duties, remove reliance on legacy informal processes, and ensure that the Shire's financial governance standards align with contemporary public-sector expectations.

Monitoring will occur through ARIC reporting, inclusion of these matters in internal review cycles, and verification through ongoing financial reconciliations. This ensures that improvement actions are tracked until complete, and that the control enhancements become embedded in day-to-day practice rather than one-off corrective measures.

These improvements contribute directly to governance transparency, safeguard public funds, and provide Council, audit entities and the community with confidence that issues identified through audit processes are acted upon promptly and effectively.

Recommendation to ARIC
The final audit documentation for the year ended 30 June 2025 has now been received, and the annual financial statements have been confirmed as accurate and compliant with legislative requirements.

While several internal control matters were identified, none resulted in material misstatement of the financial results. Corrective actions have been assigned, documented, and entered into **ATTAIN**, the Shire's governance and action-tracking software designed specifically to manage compliance, internal audit and control obligations in local government. Each action has been allocated to a responsible officer, with defined due dates, supporting documentation requirements, and evidence of completion to be recorded in the system. Progress will be reviewed through ATTAIN as part of ongoing internal monitoring and quarterly reporting back through the Audit, Risk & Improvement Committee, ensuring actions are implemented, closed out, and embedded into business practice.

Endorsement of the Annual Financial Report by ARIC will allow the report to progress to Council for adoption, enabling preparation of the Annual Report, statutory publication requirements, and timely scheduling of the Annual Electors' Meeting.

<u>OFFICER'S RECOMMENDATION</u>
That the Audit, Risk & Improvement Committee, in accordance with Section 7.12A of the Local Government Act 1995:

1. ***Receives the Annual Financial Report for the year ended 30 June 2025, inclusive of the Independent Auditor's Report issued by the Office of the Auditor General;***
2. ***Receives the Final Management Letter issued for the year ended 30 June 2025, and notes the actions and control improvements implemented by management, including revised access controls, enhanced reconciliation processes, verification protocols and strengthened documentation practices;***
3. ***Adopts the Annual Financial Report for inclusion in the Shire's 2024/25 Annual Report, enabling publication in accordance with statutory requirements; and***

4. Notes that publication of the Annual Report and audited financial statements will occur within the prescribed timeframes following Council adoption, meeting the requirements of sections 5.54, 5.55 and 5.55A of the Local Government Act 1995.

COMMITTEE RESOLUTION ARICC 01/12/25

Moved: Ms Leah Horton
Seconded: Cr Paul Kelly

That the Audit, Risk & Improvement Committee, in accordance with Section 7.12A of the Local Government Act 1995 recommends that Council :

1. ***Receives the Annual Financial Report for the year ended 30 June 2025, inclusive of the Independent Auditor's Report issued by the Office of the Auditor General;***
2. ***Receives the Final Management Letter issued for the year ended 30 June 2025, and notes the actions and control improvements implemented by management, including revised access controls, enhanced reconciliation processes, verification protocols and strengthened documentation practices, with regular reporting to the Committee.***
3. ***Adopts the Annual Financial Report for inclusion in the Shire's 2024/25 Annual Report, enabling publication in accordance with statutory requirements; and***
4. ***Notes that publication of the Annual Report and audited financial statements will occur within the prescribed timeframes following Council adoption, meeting the requirements of sections 5.54, 5.55 and 5.55A of the Local Government Act 1995.***

FOR: Ms Leah Horton , Mr Eddie Smith, Cr Paul Kelly and Cr Mark Young
AGAINST: Nil

CARRIED BY ABSOLUTE MAJORITY 4/0

6 DATE OF NEXT MEETING

The next meeting will be held on Tuesday 16 December 2025 at Shire Council Chambers, Stuart Street Carnarvon commencing at 10.30am

7 CLOSE

The Presiding Chair declared the meeting closed at 10.43am.