



AGENDA

Audit and Risk Committee
Meeting

18 September 2025

**SHIRE OF BROOMEHILL-TAMBELLUP
NOTICE OF MEETING**

**A meeting of the Audit and Risk Committee will be held in the Tambellup Council Chambers,
46-48 Norrish St, Tambellup on Thursday, 18 September 2025 commencing at 2.00pm.**



**Karen Callaghan
Chief Executive Officer**

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Audit & Risk Committee - Terms of Reference

The duties and responsibilities of the committee will be:

- a. Provide guidance and assistance to council as to the carrying out the functions of the local government in relation to audits;
- b. Meet with the auditor once in each year and provide a report to council on the matters discussed and outcome of those discussions;
- c. Liaise with the CEO to ensure that the local government does everything in its power to:
 - assist the auditor to conduct the audit and carry out his or her other duties under the Local Government Act 1995; and
 - ensure that audits are conducted successfully and expeditiously;
- d. Examine the reports of the auditor after receiving a report from the CEO on the matters to:
 - determine if any matters raised require action to be taken by the local government; and
 - ensure that appropriate action is taken in respect of those matters;
- e. Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time;
- f. Review the scope of the audit plan and program and its effectiveness;
- g. Seek information or obtain expert advice through the CEO on matters of concern within the scope of the committee's terms of reference following authorisation from the council;
- h. Review the annual Compliance Audit Return and report to the council the results of that review, and
- i. Consider the CEO's biennial reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the committee, and report to the Council the results of those reviews.

Membership

The committee will consist of four members with three elected members and one external person. All members shall have full voting rights.

- External persons appointed to the committee will preferably have business or financial management/reporting knowledge and experience, and be conversant with financial and other reporting requirements.
- Appointment of external persons shall be made by Council by way of a public advertisement and be for a term of two years. The terms of the appointment should be arranged to ensure an orderly rotation and continuity of membership despite changes to council's elected representatives.
- Reimbursement of approved expenses will be paid to each external person who is a member of the committee.
- The CEO and employees are not members of the committee.
- The CEO or his/her nominee is to be available to attend meetings to provide advice and guidance to the committee.
- The local government shall provide secretarial and administrative support to the committee.

Meetings

The committee shall meet at least quarterly. Additional meetings shall be convened at the discretion of the presiding person.

Reporting

Reports and recommendations of each committee meeting shall be presented to the next ordinary meeting of the Council.

**Agenda for the Audit and Risk Committee Meeting to be held in the Tambellup Council
Chambers, 46-48 Norrish St, Tambellup on Thursday, 18 September 2025**

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1. DECLARATION OF OPENING

The Chairperson, Cr Barritt, will open the meeting at 2.00pm.

2. ATTENDANCE

Councillors

Cr DT Barritt

Cr CM Dewar

Cr SH Penny

Cr J Wills

Ms C Witham, Independent Member

Staff

KP Callaghan

Chief Executive Officer

PA Hull

Strategic Support and Projects Officer

Apologies

3. DISCLOSURE OF INTEREST

4. PUBLIC QUESTION TIME

5. CONFIRMATION OF MINUTES

5.1 AUDIT AND RISK COMMITTEE MEETING HELD 19 JUNE 2025

OFFICER RECOMMENDATION

That the minutes of the Audit and Risk Committee meeting held on 19 June 2025 be confirmed as a true and accurate record.

6. STATUS REPORT

Attachment 6.1 – Status Report – September 2025

Matters identified from the 2021/22 and 2022/23 audits have been populated into the Status Report, and an update on the status of each has been provided. The matters raised from the 2023/24 interim audit have been included in the status report and will be discussed in further detail in item 11.1

The final audit for 2024/25 is scheduled to be conducted on 22-25 September 2025.

7. RISK DASHBOARD

Attachments 7.1 – Risk Dashboard
7.2 – Audit Reg 17 Risk Assessment Register

In November 2022 the Senior Management Team (SMT), with the guidance of an external risk consultant MS Consulting, reviewed the existing Risk Management Framework and Council Policy. Following the review, the Council adopted a new Risk Management Policy in December 2022.

The SMT undertook an organisation-wide assessment of risk and developed a Risk Register. Key areas identified have been assigned to the responsible staff member, with target dates for each allocated. The Risk Register is reviewed by the SMT quarterly.

The attached Risk Dashboard is a summary of the Risk Register and is attached for the Committee to review and discuss.

In December 2024, the Audit and Risk Committee received the Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls Report which was prepared by Moore Australia WA.

Improvement actions identified in this review have been captured in the Audit Reg 17 Risk Assessment register, which is attached for the Committee's information. The actions identified have been assigned to Officers, and those in the high-risk category will be addressed as a priority.

8. KEY PILLAR 1: BROOMEHILL-TAMBELLUP POINT OF DIFFERENCE

Nil.

9. KEY PILLAR 2: BROOMEHILL-TAMBELLUP ECONOMY

Nil.

10. KEY PILLAR 3: BROOMEHILL-TAMBELLUP LIFESTYLE

Nil.

11. KEY PILLAR 4: BROOMEHILL-TAMBELLUP SHIRE SUPPORT

11.1 INTERIM AUDIT REPORT FOR THE YEAR ENDED 30 JUNE 2025

ATTACHMENT(S)	11.1.1 Interim Audit Management Letter – 30 June 2025
FILE NO	ADM0302
AUTHOR	Karen Callaghan, Chief Executive Officer
DATE	7 September 2025
DISCLOSURE OF INTEREST	Nil

STRATEGIC IMPLICATIONS	
Strategic Community Plan 2023-2033	Corporate Business Plan 2024 -2028
Community Outcomes	Corporate Actions
Key Pillar: BT Shire Support	
11. Delivered Shire Performance and Trust No specific Community Outcome.	No specific corporate action.

SUMMARY

For the Audit and Risk Committee to consider the Interim Audit Report for the 2024/25 financial year.

BACKGROUND

The *Local Government Act 1995 Part 7* and *Local Government (Audit) Regulations 1996* prescribe the conduct of an audit. The objectives, scope, and plan for the audit were communicated by way of an audit entrance meeting, which was held between our appointed audit firm Armada Audit Services, the Office of the Auditor General (OAG), Cr Barritt, Chair of the Audit and Risk Committee, Chief Executive Officer, and Manager of Finance and Administration.

An interim audit is conducted prior to the end of the financial year to assess internal systems, controls, and procedures, which ensures the integrity of our data and confirms reliance on the financial reports. Any matters identified from the interim audit can be resolved prior to the end of the financial year.

The interim audit for the financial year ended 30 June 2025 was conducted over three days from 12-15 May 2025, by Armada Audit Services.

COMMENT

The following matters were noted during the interim audit –

1. Procurement and purchases

The Shire's Purchasing Policy requires them to obtain at least three (3) written quotations from a suitable supplier for purchases between \$20,001 and \$50,000 and obtain at least three (3) written quotations containing price and specification of goods and service for purchases between \$50,001 and \$250,000.

We noted five instances (out of 26 samples) where the number of quotes obtained were not in line with the Purchasing Policy.

We also noted one instance where the purchase order was raised after the invoice was received.

This finding was initially raised in 2024, and since then, management has consistently reminded all staff of the requirement to adhere to the established policy. Management has also committed to continuing these reminders and reinforcing the importance of compliance through ongoing discussions.

Recommendation

To help ensure all purchases are properly sourced and represents the best value for money, quotations should be obtained and attached to the purchase order as per the Shire's Purchasing Policy. Where quotations have not been obtained as required by the Shire's Purchasing Policy the reasons should be documented on/with the purchase order.

All authorised officers should be reminded of the need to ensure purchase orders are raised and authorised prior to authorising works/services or ordering goods. This will help to ensure goods/services have been appropriately ordered and authorised and help Shire in managing its budget responsibility.

Management comment

Discussions are continually had with staff over the need to obtain the required number of quotations in accordance with the Purchasing Policy. While all endeavours are made, in the current climate there is sometimes resistance from contractors to provide quotes without guarantee of securing the work they are quoting on, and it is difficult to source the required number of quotes. Internal processes will be strengthened to document these instances and provide rationale when sufficient quotes cannot be obtained. Procurement forms have been developed for this purpose and staff will be reminded of the need to complete these.

All staff have been, and will continue to be, reminded of the need to issue purchase orders at the time of ordering goods and services.

2. Information, Technology and Communication (ITC) Plans and Policies

The Shire has not implemented a comprehensive framework of ITC-related policies, nor does it have a comprehensive IT strategic plan and IT disaster recovery plan in place.

This finding was initially raised in 2024, and management has since engaged an external consultant to address the matter during the 2025/26 financial year.

Recommendation

To enhance ITC governance, the Shire should develop and implement comprehensive ITC policies covering data security, access control, password management, backup plans, incident response, and system maintenance. Simultaneously, creating an IT strategic plan aligned with business objectives will optimize resource allocation and long-term goal achievement.

Implementing an asset classification framework, based on sensitivity and criticality assessments, will ensure effective security resource allocation, including access controls and monitoring protocols, all subject to regular updates to adapt to evolving needs and risks. This proactive approach will mitigate security risks efficiently.

Management comment

Development of an ICT framework and strategy was identified as a priority in the Shire's Corporate Business Plan and Risk Management processes and was also raised in the 2023/24 audit. An external consultant has recently been engaged to assist with development of the ICT Framework and Strategy, which includes development of ICT policies, and this will be completed during the 2025/26 financial year.

3. Policies and procedures

As per the Financial Management Review performed in November 2024, we noted the following policies and procedures are not being tested to ensure its validity:

- Business Continuity Plan.
- Record Keeping Disaster Management Plan.

We also noted the following policies and procedures are largely undocumented or are outdated:

- Risk Management Procedures.
- Risk Register

Recommendation

It is recommended that the Shire formally document all key policies and procedures and establish a schedule to review and update them on a regular basis—ideally every two to three years or upon changes in legislation or operational needs. Policies should be approved by the appropriate authority, clearly version-controlled, and communicated effectively to all relevant staff. This will help ensure compliance with statutory obligations, promote transparency and accountability, and support consistent and efficient operations across the organisation.

Management comment

The Shire's Risk Management procedures and register require review and update, which is planned to be undertaken in the first half of the 2025/26 year.

With external assistance, scenarios to test both the Business Continuity Plan and Record Keeping Disaster Management Plan will be scheduled during the 2025/26 year.

CONSULTATION

Armada Audit Services

All staff regarding purchasing procedures

STATUTORY ENVIRONMENT

Local Government Act 1995 – Part 6 Financial Management; and

Local Government (Financial Management) Regulations 1996

- Defines the processes and procedures that apply to the recording and reporting of financial matters.

Local Government Act 1995 – Part 7 Audit; and

Local Government (Audit) Regulations 1996

- Defines the audit of the financial accounts of local governments, including the appointment of auditors and the conduct of audits.

FINANCIAL IMPLICATIONS

The interim audit assesses risk, checks control systems and procedures, and provides reasonable assurance that the financial systems of the Council are functioning reliably.

POLICY IMPLICATIONS

Nil

RISK MANAGEMENT IMPLICATIONS

External audits and risk reviews are an integral part of ensuring that financial and compliance risks are minimised and legislative compliance is maintained.

ASSET MANAGEMENT IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple majority

OFFICER RECOMMENDATION

That the Interim Audit Management Letter for the financial year ended 30 June 2025 be received.

12. OTHER ITEMS FOR DISCUSSION

Local Government Elections will be held on 18 October 2025. Candidate nominations closed on Thursday, 4 September 2025, with the number of nominations matching the number of vacancies. Ms Connie Witham was among those elected unopposed.

At the Ordinary Council Meeting on 16 May 2024, Council appointed Ms Witham as the independent member of the Audit and Risk Committee, in line with the Terms of Reference requiring an independent member.

As Ms Witham will commence her role as Councillor following the election, the CEO has accepted her resignation from the Audit and Risk Committee. Expressions of Interest for a new independent member will now be invited, with nominations presented to Council for decision.

13. CLOSURE