



AGENDA

Audit, Risk and Improvement
Committee Meeting

18 December 2025

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

A meeting of the Audit, Risk and Improvement Committee will be held in the Council Chambers, 46-48 Norrish St, Tambellup on Thursday, 18 December 2024 commencing at 2.00 pm.



Karen Callaghan
Chief Executive Officer

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Audit, Risk and Improvement Committee - Terms of Reference

Preamble

The Audit, Risk, and Improvement Committee (Committee) is established by the Council of the Shire of Broomehill-Tambellup (Shire) in accordance with section 7.1A of the *Local Government Act 1995* (WA)(Act).

Purpose

The Committee provides independent oversight and advice to Council to support sound financial management, effective risk management, robust internal controls, strong legislative compliance, and a culture of continuous improvement in the Shire's operations and performance.

Scope of Responsibilities and Functions

The Committee is responsible for monitoring, reviewing, and providing guidance on the adequacy and effectiveness of the Shire's systems and processes for risk management and internal controls, financial management, compliance and integrity, and audit.

Regulation 16 of the *Local Government (Audit) Regulations 1996* (WA) sets out the functions of the Committee, which comprise:

Risk Management and Internal Controls

- (a) Reviewing the adequacy of the Shire's risk management framework to ensure systems are in place to identify, manage, and report actual and perceived risks.
- (b) Reviewing the effectiveness of the Shire's business continuity planning arrangements to confirm they are current, tested, and operating as intended.
- (c) Considering relevant audit reports and publications from the Office of the Auditor General and other relevant sources, to identify lessons and guidance on good practice.
- (d) Monitoring and reporting on the effectiveness of the Shire's internal control systems to ensure ongoing compliance with legislative and policy requirements.

Financial Management

- (e) Reviewing the annual financial statements to confirm the accuracy, completeness, and integrity of information presented, and recommending to the Council that the statements be received.
- (f) Reviewing performance audits undertaken within the Shire and monitoring the implementation of agreed recommendations.
- (g) Assessing the adequacy and appropriateness of the Shire's accounting controls, principles, and policies, and the consistency of their application.
- (h) Reviewing the Shire's insurance coverage to ensure it remains adequate and appropriate, having regard to the organisation's risk profile and financial position.

Compliance and Integrity

- (i) Reviewing the adequacy and effectiveness of the Shire's fraud control arrangements, processes, and systems.
- (j) Remaining informed of legislative and regulatory changes relevant to the Shire's governance, compliance, and audit responsibilities.
- (k) Reviewing the Shire's annual Compliance Audit Return and reporting the outcomes of the review to Council.

Audit

- (l) Noting the auditor's proposed scope and approach for financial and performance audits.
- (m) Reviewing all audit reports and advising Council on significant findings, issues, and the actions proposed or taken in response.
- (n) Monitoring management's progress in implementing agreed audit recommendations and reporting on the status of those actions.

Committee Membership

Committee Composition

The Committee is to consist of five members, comprising:

- (a) an Independent Presiding Member;
- (b) an Independent Deputy Presiding Member; and
- (c) three members of the Council appointed as Ordinary Committee Members.

Ordinary Committee Members are to be appointed to the Committee by Council in accordance with section 7.1A of the Act.

Appointment of Independent Presiding and Deputy Presiding Members

Selection Criteria and Eligibility

Expressions of interest will be sought from candidates who demonstrate experience and qualifications in one or more of the following areas:

- (a) Internal auditing.
- (b) Risk management.
- (c) Financial management and reporting.
- (d) Information, communication and technology management.
- (e) Good governance and audit committee practices.
- (f) An understanding of the complexities of regional local government operations.

The following classes of persons are ineligible for appointment to the roles of Independent Presiding Member or Deputy Presiding Members:

- (a) Members of the Council.
- (b) Members of any other local government council.
- (c) Employees of the Shire.
- (d) Any person who, or any director or secretary of a company that, currently provides or is likely to provide paid services to the Shire.

Council will appoint independent members based on demonstrated merit, relevant expertise, and an absence of actual, potential, or perceived conflicts of interest.

Selection and Appointment Process

The appointment of the Independent Presiding and Deputy Presiding Members will be through one or a combination of the following processes:

- (a) The Chief Executive Officer (CEO) will invite expressions of interest for the positions through public advertisement.
- (b) The CEO may also review and contact applicants listed on the WALGA Pool of Independent Presiding Members for Local Government Audit, Risk and Improvement Committees.

The CEO will assess and evaluate all potential candidates against the approved selection criteria and provide recommendations to the Council.

The Council will determine the appointments by absolute majority, taking into consideration each applicant's qualifications, experience, and demonstrated suitability for the role.

Term Duration

Committee Membership will remain in effect from the time of appointment until the next ordinary Council election, unless the Council determines otherwise. In practice, the Committee's term will align with the two-year local government election cycle.

The Council may resolve to reappoint external independent members, including the Independent Presiding and Deputy Presiding Members, for consecutive terms. Committee Members may resign by providing written notice to the CEO or the Independent Presiding Member, in accordance with regulation 4 of the *Local Government (Administration) Regulations 1996* (WA).

Council may, by resolution, terminate the appointment of any Committee Member prior to the expiry of their term if it determines that the member:

- (a) has breached the *Act*, or the *Code of Conduct for Council Members, Committee Members and Candidates*;
- (b) is not actively engaged or contributing to the effective functioning of the Committee; and/ or
- (c) have conducted themselves in a manner that brings the Shire into disrepute.

Where a vacancy occurs, the Council may appoint a replacement member in accordance with section 5.11 of the *Act*. If the vacancy relates to the Independent Presiding or Deputy Presiding Members, the Council may appoint an interim member to the position until a new independent member is appointed. Any person appointed to fill a vacancy will hold office for the remainder of the predecessor's term.

Committee Member Entitlements

All Committee Members will have access to appropriate training and professional development opportunities, which will be considered as part of the Shire's annual budget process.

Independent Presiding and Deputy Presiding Members are entitled to receive a meeting fee and to claim reasonable expenses associated with performing their duties. Fees and reimbursements will be determined in accordance with the guidance of the Western Australian Salaries and Allowances Tribunal.

Committee Meetings

The Committee will be led by the Independent Presiding Member as the Chair.

Number of Meetings and Frequency

The Committee is to meet on a quarterly basis; additional meetings may be held if required.

Committee Meeting Attendance

Members are expected to attend meetings in person. Where a member is unable to attend in person, electronic attendance may be arranged with the approval of the Chair. Members must notify the Independent Presiding Member at least 24 hours prior to the meeting if they are unable to attend in person and wish to participate electronically.

Staff and Elected Member Attendance

Relevant staff, including the CEO, may attend Committee meetings to provide advice and support, but do not have voting rights.

Elected Members who are not Committee Members may attend meetings as observers but are not entitled to participate in discussions or decision-making. Observer attendance is at the discretion of the Independent Presiding Member, particularly where confidential or sensitive matters are to be considered.

Voting

Each Committee Member is entitled to one vote. In the event of an equality of votes, the Presiding Member will have a casting vote.

Quorum

A quorum for a Committee meeting is at least 50 per cent of the total number of Committee Members and must include either the Independent Presiding or the Deputy Presiding Members.

Meeting Agenda and Minutes

The administration will prepare and distribute the meeting agenda and supporting papers at least five working days before each meeting. The administration is also responsible for recording minutes and documenting actions arising from each meeting.

Minutes of Committee meetings will be confirmed by the Committee at its next meeting and then presented to the next Ordinary Council Meeting for noting or adoption, as appropriate.

Declaration of Interests

All Committee Members must declare any conflicts of interest in accordance with regulation 22 of the *Local Government (Model Code of Conduct) Regulations 2021 (WA)*. A declaration is to be made in writing to the CEO before the meeting, or verbally at the meeting immediately prior to consideration of the relevant matter.

Code of Conduct

All Committee Members are required to comply with the Code of Conduct for Council Members, Committee Members and Candidates adopted by the Council. Members are expected to demonstrate integrity, honesty, and respect in all Committee dealings and to maintain confidentiality over information and matters discussed at meetings.

Agenda for the Audit, Risk and Improvement Committee Meeting to be held in the Council Chambers, 46-48 Norrish St, Tambellup on Thursday, 18 December 2024

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1. DECLARATION OF OPENING

The Independent Presiding Member, Ms JM Burges, will open the meeting at _____.

2. ATTENDANCE

Councillors and Independent Members

Ms JM Burges, Independent Presiding Member

Cr DT Barritt, Deputy Presiding Member

Cr SJ Robinson

Cr CM Dewar

Cr CA Witham

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 18 SEPTEMBER 2025

OFFICER RECOMMENDATION

That the minutes of the Audit and Risk Committee meeting held on 18 September 2025 be confirmed as a true and accurate record.

6. STATUS REPORT

Matters identified from the 2023-2024 audit and 2024-2025 interim audit have been populated into the Status Report, and an update on the status of each has been provided. The matters raised from the 2024-2025 final audit have been included in the status report and are discussed in further detail in item 11.1.

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 AUDITOR'S FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2025

ATTACHMENT(S)	11.1.1 – CONFIDENTIAL Audit Completion Report 2025 11.1.2 – Office of the Auditor General Report 2025
FILE NO	ADM0058
AUTHOR	Karen Callaghan, Chief Executive Officer
DATE	8 December 2025
DISCLOSURE OF INTEREST	Nil

STRATEGIC IMPLICATIONS	
Strategic Community Plan 2023-2033	Corporate Business Plan 2024 -2028
Key Pillar: SoBT Shire Support	
Community Outcomes	Corporate Actions
No specific Community Outcome.	No specific Corporate Initiative

SUMMARY

The purpose of this report is to present the Annual Financial Audit and Management Report for the year ending 30 June 2025.

BACKGROUND

In October 2025, auditors from Armada Audit and Assurance Pty Ltd (Armada), appointed by the Office of the Auditor General (OAG), attended the Shire to conduct the final audit for the 2024-2025 financial year. The audit is designed primarily to enable the auditors to form an opinion on the financial statements and therefore does not extend to all the Shire's systems and procedures.

COMMENT

Attachment 11.1.1 - Audit Completion Report was prepared by Armada and the OAG, and circulated to the Chief Executive Officer, LG Best Practices, Shire President and Deputy Shire President. The audit exit meeting with Armada and the OAG was conducted on 4 November 2025, and attended by the Chief Executive Officer, Shire President and Deputy Shire President.

The Audit Completion Report is confidential and has been made available to management and those charged with governance to facilitate discussions.

At the conclusion of the audit, the following matters were noted in Armada's management letter –

1. Related Parties Declaration Form

We noted that the Shire has not obtained Related Party Declaration forms from Key Management Personnel and Councillors for the financial year ended 30 June 2025 as required by the Shire's *Related Party Disclosures Policy*.

Related Party Declaration forms are key documents in the Shire's process of identification of related party transactions to comply with AASB 124 *Related Parties*.

Without the signed declarations, management had to rely on prior year declarations and other enquiries to ensure that related party transactions disclosed in the financial report are complete and accurate.

This finding was first reported in 2024.

Recommendation

We recommend that management ensure that Related Parties Declaration forms are completed by Key Management Personnel and Council Members annually as required by the Shire's *Related Party Disclosure Policy*.

Management Comment

Management is in the process of developing a new compliance calendar to be used as a tool to ensure that regulatory and operational requirements are met. The calendar is based on the Western Australian Local Government Association model, with additional tasks relating to financial management, including the requirement for Key Management Personnel and Councillors to complete annual Related Party Declaration forms each financial year.

It is expected that the calendar will be finalised by the end of November 2025 and that the Chief Executive Officer's Office will review and update the calendar on a monthly basis.

2. Lands Held for Resale

During our review of the financial statements, we noted that no management assessment or external valuation was performed on land held for resale for the year ended 30 June 2025.

Recommendation

It is recommended that management implement a formal process to review the fair value of land held for resale on an annual basis. In years where an external valuation is not obtained, a management assessment should be conducted to ensure that the carrying amount remains appropriate and reflects current market conditions. This process should be documented and supported by relevant market data or comparable sales evidence to ensure compliance with accounting and audit requirements.

Management comment

Management is in the process of developing a new compliance calendar to be used as a tool to ensure that regulatory and operational requirements are met. The calendar is based on the Western Australian Local Government Association model, with additional tasks relating to financial management, including a requirement to review the fair value of land held for resale on an annual basis.

It is expected that the calendar will be finalised by the end of November 2025 and that the Chief Executive Officer's Office will review and update the calendar on a monthly basis.

3. Excessive Annual Leave Balances

We noted that 6 employees have accrued annual leave balances in excess of 304 hours (2 years of annual leave entitlement) as at 30 June 25.

Recommendation

It is recommended that the Shire develop and enforce a structured leave management approach to progressively reduce excessive leave balances. Employees with accruals above the organisation's threshold (e.g. eight weeks or 304 hours) should agree with their line managers on a formal leave reduction plan specifying when the leave will be taken. The internal human resources policy should clearly define the excess leave threshold and the required management actions, and regular monitoring and reporting of high balances should be implemented to senior management and the audit committee. Management should also communicate to staff the importance of taking regular leave for wellbeing, compliance, and to ensure ongoing operational effectiveness.

Management comment

The Chief Executive Officer will develop an Employee Leave Policy for consideration at the December Ordinary Meeting of Council with the aim of reducing the number of staff with excessive leave over the next 18 months.

The audit assessed two matters as moderate, being the related party declaration forms and the valuation of land held for resale, while the excessive annual leave balances were rated as a minor issue.

CONSULTATION

Chief Executive Officer

Auditors – Armada Audit and Assurance Pty Ltd

Office of the Auditor General

STATUTORY ENVIRONMENT

Local Government Act 1995 – Part 7 Audit;

s7.12A Duties of local government with respect to audits

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

FINANCIAL IMPLICATIONS

There are no financial implications for this report.

POLICY IMPLICATIONS

There is no policy applicable to this item.

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 Auditor General Report for the year ending 30 June 2025 be received.

11.2 ANNUAL REPORT 2024-2025

ATTACHMENT(S)	11.2.1 – Annual Report 2024-2025
FILE NO	ADM0340
AUTHOR	Karen Callaghan, Chief Executive Officer
DATE	8 December 2025
DISCLOSURE OF INTEREST	Nil

STRATEGIC IMPLICATIONS	
Strategic Community Plan 2023-2033	Corporate Business Plan 2024 -2028
Key Pillar: SoBT Shire Support	
Community Outcomes	Corporate Actions
No specific Community Outcome.	No specific Corporate Initiative

SUMMARY

The purpose of this report is for the Audit, Risk and Improvement Committee to consider the 2024-2025 Annual Report, incorporating the Annual Financial Report and the Auditor General Report, and make recommendations to the Council.

BACKGROUND

Section 6.4 of the *Local Government Act 1995* requires that a local government prepare an annual financial report for the preceding financial year, in the manner and form prescribed. The accounts and annual financial report must be submitted to the auditor by 30 September each year.

Section 5.54 of the *Local Government Act 1995* requires an Annual Report to be accepted by the local government no later than 31 December in each year unless the Auditor's Report is not available in time. The *Local Government Act 1995* Section 5.42(2) provides that if the Annual Report is not accepted by the local government by 31 December, then it must be presented within two months of the auditor's report becoming available.

The Auditor General Report for the 2024-2025 year was received on 5 November 2025.

An annual Electors meeting is required to be convened no later than 56 days after acceptance of the annual report, in accordance with section 5.27(2) of the *Local Government Act 1995*.

COMMENT

Financial report aside, projects and activities that have been accomplished throughout the 2024-2025 year have been reported on within the Annual Report.

The 2024-2025 Annual Report, as presented, addresses the requirements of the *Local Government Act 1995*.

CONSULTATION

Chief Executive Officer
Senior Management Team
Auditors – Armada Audit and Assurance Pty Ltd

Office of the Auditor General

STATUTORY ENVIRONMENT

Local Government Act 1995

s5.27 Electors' general meetings

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

Local Government (Administration) Regulations 1996

r15. Matters to be discussed at general meeting

For the purposes of section 5.27(3), the matters to be discussed at a general electors' meeting are, firstly, the contents of the annual report for the previous financial year and then any other general business.

s5.54 Acceptance of annual reports

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

s5.55 Notice of annual reports

The CEO is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government.

s5.55A Publication of annual reports

The CEO is to publish the annual report on the local government's official website within 14 days after the report has been accepted by the local government.

Local Government (Administration) Regulations 1996 r19B to r19BE

- Prescribes the information to be included in the annual report

FINANCIAL IMPLICATIONS

This item reports on the financial position of the Shire at 30 June 2025. The recommendation itself does not have any financial implications.

POLICY IMPLICATIONS

There is no policy applicable to this item.

RISK MANAGEMENT IMPLICATIONS

This item has been evaluated against the Shire's Risk Assessment and Acceptance Criteria. The perceived level of risk is considered to be "Low" risk and can be managed by routine procedures and with current resources.

ASSET MANAGEMENT IMPLICATIONS

Nil

VOTING REQUIREMENTS

Recommendation 1 – Absolute majority

Recommendation 2 – Simple majority

OFFICER RECOMMENDATION 1

That it be recommended to the Council that, in accordance with sections 5.53 and 5.54 of the *Local Government Act 1995*, the 2024-2025 Annual Report for the Shire of Broomehill-Tambellup, incorporating the Annual Financial Report and Auditor General Report, be accepted.

OFFICER RECOMMENDATION 2

That it be recommended to the Council that -

1. In accordance with sections 5.55 and 5.55A of the *Local Government Act 1995*, the Chief Executive Officer give local public notice of the availability of the 2024-2025 Annual Report and publishes the report on the Shire's website within 14 days of acceptance; and
2. The annual general meeting of electors be held at 6.00pm on Thursday, 19 February 2026, in the Tambellup Council Chambers.

12. OTHER ITEMS FOR DISCUSSION

13. DATE OF NEXT MEETING

19 February 2026, commencement time to be confirmed.

14. CLOSURE