



# AUDIT & RISK COMMITTEE AGENDA

Wednesday, 16th December 2025 1:00PM

DISCLAIMER: The advice and information contained herein is given by and to the Council without liability or responsibility for its accuracy. Before placing any reliance on this advice or information, a written inquiry should be made to the Council giving entire reasons for seeking the advice or information and how it is proposed to be used. Please note this agenda contains recommendations, which have not yet been adopted by Council.

Alan Leeson  
Chief Executive Officer  
12<sup>th</sup> December 2025

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## 1 DECLARATION OF OPENING

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The President declares the meeting open.

## 2 RECORD OF ATTENDANCE

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### ATTENDANCE

G Robins	President
B Smoker	Deputy President
J Noble	Councillor
C Mullan	Councillor
R Bowey	Councillor
B Miller	Councillor
L Siviour	Councillor
D Mollenoyux	Independent Presiding Chair
A Leeson	Chief Executive Officer
F Murphy	Executive Manager Financial Services
J Hobson	Executive Manager of Works
T Scadding	Executive Manager Community Development

### APOLOGIES

C Lewis	Executive Manager of Governance and Risk
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### LEAVE OF ABSENCE

Nil

## 3 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

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### 3.1 Previous Audit Committee Meeting

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**7.1.1** Minutes of Shire of Kulin Audit & Risk Committee meeting held on the 19<sup>th</sup> March 2025 provided to Councillors as an attachment.

**[Attachment 1 - Audit & Risk Committee Meeting Minutes 19<sup>th</sup> March 2025](#)**

### OFFICER'S RECOMMENDATION:

That the minutes of the Shire of Kulin Audit & Risk Committee meeting held on the 19<sup>th</sup> March 2025 be confirmed as a true and correct record.

## 4 Agenda Business - Matters Requiring Decision

### 4.1 2024/2025 Annual Report

<b>Responsible Officer:</b>	Chief Executive Officer
<b>File Reference:</b>	12.03
<b>Author:</b>	Fiona Murphy, Executive Manager Financial Services 11 – High Standard of Governance
<b>Strategic Reference:</b>	12 – Accurate Forward Planning to Achieve Community Priorities
<b>Disclosure of Interest:</b>	Nil
<b>Attachment:</b>	2024/25 Annual Report

#### **SUMMARY:**

The Shire of Kulin's Financial Report for the year ended 30 June 2025 has been audited by AMD Chartered Accountants (AMD) on behalf of the Office of the Auditor General (OAG). The OAG has issued its unqualified Audit Report.

The Audit and Risk Committee is requested to review and recommend to Council the acceptance of the 2024/25 Annual Report including the Financial Report and Auditor's Report.

#### **BACKGROUND & COMMENT:**

Representatives from AMD on behalf of the OAG, conducted an interim audit onsite in May 2025 and the final audit in October 2025.

The 2024/25 Financial Report was submitted to AMD on 30 September 2025, in accordance with statutory requirements.

The Audit Exit meeting was held on Friday 5 December 2025 via video conference. Danielle England, Assistant Director, Financial Audit from the OAG and Tim Partridge, Director at AMD attended. The Shire was represented by Darren Mollenoyux, Independent Chair of the Audit & Risk Committee and Councillor Bowey, along with the CEO and Executive Manager of Financial Services. Ms England and Mr Partridge provided an overview of the 2024/25 Financial Audit and issues raised in the interim and final management letters.

The CEO received the final stamped version of the Financial Report and Auditor's Report for the year ended 30 June 2025 on 5 December 2025. A copy of the 2024/25 Annual Report including the Financial Report and Auditor's Report is included as an attachment to this item.

In accordance with s5.54 of the Local Government Act 1995 a local government is required accept an Annual Report for each financial year, no later than 31 December after that financial year.

In line with s5.55 and s5.55A of the Local Government Act, the CEO will give local public notice of the availability of the annual report and publish it on the Shire's website within 14 days of acceptance. A copy of the annual financial report including the auditor's report will also be submitted to the Minister.

#### **FINANCIAL IMPLICATIONS:**

Audit fees were provided for in the 2024/25 Shire of Kulin budget.

#### **STATUTORY AND PLANNING IMPLICATIONS:**

##### **Local Government Act 1995**

#### **6.4. Financial report**

(1) A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.

(2) The financial report is to —

- (a) be prepared and presented in the manner and form prescribed; and
- (b) contain the prescribed information.

(3) By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —

- (a) the accounts of the local government, balanced up to the last day of the preceding financial year; and
- (b) the annual financial report of the local government for the preceding financial year.

**5.54. 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.

[Section 5.54 amended: No. 49 of 2004 s. 49.]

**5.55. 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.

**5.55A. 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.

**7.9. Audit to be conducted**

- (1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —
  - (a) the mayor or president; and
  - (b) the CEO of the local government; and
  - (c) the Minister.

**Local Government (Financial Management) Regulations 1996**

**51. Annual financial report to be signed etc. by CEO and given to Department**

- (1) After the annual financial report has been audited in accordance with the Act the CEO is to sign and append to the report a declaration in the form of Form 1.

**POLICY IMPLICATIONS:**

Nil

**COMMUNITY CONSULTATION:**

Nil

**WORKFORCE IMPLICATIONS:**

Nil

**RECOMMENDATION:**

That the Audit & Risk Committee recommends to Council to accept the 2024/25 Annual Report including the audited Financial Report and Auditor's Report as presented in the attachment.

**VOTING REQUIREMENTS:**

Absolute majority

**[Attachment 2 – 2024-2025 Annual Report](#)**

## 4.2 2024/25 Interim & Final Audit Management Letters

<b>Responsible Officer:</b>	Chief Executive Officer
<b>File Reference:</b>	12.03
<b>Author:</b>	Fiona Murphy, Executive Manager Financial Services 11 – High Standard of Governance
<b>Strategic Reference:</b>	12 – Accurate Forward Planning to Achieve Community Priorities
<b>Disclosure of Interest:</b>	Nil <i>Interim Management Letter</i> <i>Final Management Letter</i>
<b>Attachment:</b>	<i>Report on Significant Findings from the 2024/25 Financial Audit</i>

### SUMMARY:

The Shire has received the attached Interim & Final Audit Management Letters for 2024/25 which list the Office of Auditor General's (OAG) findings and recommendations arising from the financial audit.

It is requested that the Audit & Risk Committee recommend that Council accept Management's comments regarding how the items raised in the management letters will be addressed and approve a report to be sent to the Minister regarding the significant item.

### BACKGROUND & COMMENT:

AMD Chartered Accountants in conjunction with the Office of Auditor General (the Auditors) audited the 2024/25 Financial Report for the Shire of Kulin. An unqualified audit opinion was issued on 5 December 2025.

The Auditors issue a management letters each year listing findings identified during the interim and final audits. The findings are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. Findings are rated as follows:

- Significant - those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating may be reported as a matter of non-compliance in the audit report if not addressed.
- Moderate – those findings which are of sufficient concern to warrant action being taken by the entity as soon as possible
- Minor – those findings that are not of primary concern but still warrant action being taken.

The Auditors Management Letters for 2024/5 are attached which list one moderate and one significant finding:

1. Interim Management Letter – Moderate Finding – General Journals
2. Final Management Letter – Significant Finding - Risk Management Policy

Management comments outlining how the findings will be addressed and resolved are contained in the attached management letter.

In accordance with s7.12A of the *Local Government Act 1995* management have drafted the attached report which will be sent to the Minister outlining our response to the significant item raised. This report will also be published on the Shire's website.

### FINANCIAL IMPLICATIONS:

Nil

### STATUTORY AND PLANNING IMPLICATIONS:

#### 7.12A. 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.

**POLICY IMPLICATIONS:**

Nil

**COMMUNITY CONSULTATION:**

Nil

**WORKFORCE IMPLICATIONS:**

Nil

**RECOMMENDATION:**

That the Audit and Risk Committee recommend to Council to accept Management's comments outlining how staff will address the findings in the 2024/25 Interim & Final Audit Management Letters and to approve the Report on Significant Findings from the 2024/25 Audit to be sent to the Minister.

**VOTING REQUIREMENTS:**

Simple majority

[Attachment 3 – Interim Management Letter](#)

[Attachment 4 – Final Management Letter](#)

[Attachment 5 – Report on Significant Findings from the 2024/25 Financial Audit](#)

## 4.3 Risk Management Framework

<b>Responsible Officer:</b>	Chief Executive Officer
<b>File Reference:</b>	27.03
<b>Author:</b>	Cassi Lewis, Executive Manager Governance & Risk
<b>Strategic Reference:</b>	11 – High Standard of Governance
<b>Disclosure of Interest:</b>	Nil Risk Management Policy Risk Management Framework
<b>Attachment:</b>	Strategic Risk Register

### SUMMARY:

The Audit & Risk Committee is requested to consider adoption of the Shire of Kulin's updated Risk Management Policy, Risk Management Framework, and associated Strategic Risk Registers.

These documents have been comprehensively reviewed and redeveloped in response to the findings of the 2023 Civic Legal Regulation 17 Review and expectations aligned to AS ISO 31000:2018.

### BACKGROUND & COMMENT:

In October 2023, the Shire undertook a review of its risk management, internal controls and legislative compliance in accordance with Regulation 17 of the Local Government (Audit) Regulations 1996.

The review, conducted by Civic Legal, identified several key improvement actions to strengthen the Shire's risk governance framework, including the need to:

- develop a comprehensive Risk Management Policy that embeds risk management into organisational culture and processes;
- ensure the Risk Register is regularly reviewed, updated and reported to Council (at least annually);
- provide risk management training to relevant officers so risks are appropriately identified, assessed and monitored;
- include "risk management" as a standing item at management meetings; and
- introduce a formal risk reporting process to ensure risks are captured, escalated, and used to inform the Risk Register.

The review highlighted that the existing policy lacked some key elements for a functional risk management policy, these include:

- no explicit reference to obligations under Regulation 17;
- limited alignment with ISO 31000, particularly around the core steps of communication, context, identification, analysis, evaluation, treatment, monitoring and review;
- no defined risk appetite, tolerance thresholds, or guidance on what constitutes acceptable risk across different categories;
- limited reporting cycle or escalation mechanisms;
- no clear link between risk management and the Strategic Community Plan or Corporate Business Plan;
- an incomplete or undefined risk matrix and scoring methodology; and
- limited clarity around the roles of Council, the Audit & Risk Committee, the CEO, and management.

In response, throughout 2024–2025 the Shire undertook a complete redevelopment of its risk management system. This included reviewing sector guidance, examining practices used by comparable regional local governments, and aligning the Shire's approach to AS ISO 31000:2018.

The resulting documents represent a comprehensive review of the Shire's risk governance arrangements.

### Risk Management Policy

The updated Policy establishes the Shire's overarching commitment to risk management as a component of good governance, planning, and service delivery.

It clearly defines the roles of Council, the CEO, Executive Management and staff, articulates the Shire's risk principles and appetite, and formally reflects the legislative requirements under Regulation 17 for ongoing review of risk systems.

The Policy has been restructured to incorporate the elements identified as missing in the previous policy and to provide clarity and consistency in application.



### Risk Management Framework

The new Framework provides the practical structure necessary to implement the Policy and to address the process gaps identified in the 2023 review.

It outlines the full ISO 31000 risk process, including:

- communication and consultation;
- establishing context;
- risk identification, analysis, evaluation and treatment;
- monitoring and review; and
- reporting and escalation requirements.

The Framework includes a standardised likelihood and consequence matrix, qualitative scoring methodology, defined roles and responsibilities, escalation pathways, and a clear reporting cycle to management, the Audit & Risk Committee, and Council.

It also links risk management to the Integrated Planning and Reporting Framework, addressing a key gap in the previous system.

### Strategic Risk Register

The Strategic Risk Register identifies the Shire's key organisational risks. Each risk includes causes, consequences, existing controls, and a residual rating assigned through the adopted risk matrix. The Register will be monitored by the Executive Management Team and the Audit & Risk Committee, with annual reporting to Council.

### Operational Risk Register

The Operational Risk Register is being developed by the Executive Management Team to document and assess operational risks across all service areas. Once completed, the Operational Register will be presented to Council for review.

### **FINANCIAL IMPLICATIONS:**

Nil

### **STATUTORY AND PLANNING IMPLICATIONS:**

Local Government (Audit) Regulations 1996

- Regulation 16 – The Audit & Risk Committee is to review the effectiveness of the local government's systems and processes in relation to risk management, internal control and legislative compliance.
- Regulation 17 – The CEO must review the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance regularly, and at least once every three financial years.

### **POLICY IMPLICATIONS:**

The updated Risk Management Policy (A24) will replace the existing policy.

### **COMMUNITY CONSULTATION:**

Nil

### **WORKFORCE IMPLICATIONS:**

Nil

### **OFFICER'S RECOMMENDATION:**

That the Audit and Risk Committee:

1. Adopts the updated Risk Management Policy (A24) as presented in Attachment 1;
2. Adopts the Risk Management Framework as presented in Attachment 2;
3. Adopts the Strategic Risk Register as presented in Attachment 3;

### **VOTING REQUIREMENTS:**

Simple majority required.

[Attachment 6 – Risk Management Policy](#)

[Attachment 7 – Risk Management Framework](#)

[Attachment 8 – Strategic Risk Register](#)

## 5 CLOSURE / DATE AND TIME OF NEXT MEETING

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There being no further business the President declared the meeting closed.

Next Meeting Date: 18<sup>th</sup> March 2025 1:00pm