

AUDIT, RISK AND IMPROVEMENT COMMITTEE

Agenda



Meeting Date Tuesday 22
September 2026
Meeting Time 4:00 pm

To be held at Chapman Valley
Administration Office
3270 Chapman Valley Road,
Nabawa WA 6532, Council
Chambers.



SHIRE OF
Chapman Valley
love the rural life!

ACKNOWLEDGEMENT OF COUNTRY

The Shire of Chapman Valley would like to respectfully acknowledge the Naaguja peoples who are the traditional owners and first people of the land on which we stand.

We would like to pay our respect to the elders past, present and emerging for they hold the memories, the traditions, the culture and hopes of the Naaguja peoples.

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Chapman Valley for any act, omission or statement or intimation occurring during Council Meeting. The Shire of Chapman Valley disclaims any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council of Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council Meeting does so at that person's or legal entity's own risk.

The Shire of Chapman Valley warns that anyone who has any application or request with the Shire of Chapman Valley must obtain and should rely on written confirmation of the outcome of the application or request of the decision made by the Shire of Chapman Valley.

COMMITTEE PURPOSE & DELEGATIONS

To provide a review of Council's ongoing financial situation, provide a forum for ongoing review of strategic management plan for Council operations and discuss the Audit System.

- Delegations – Nil

The Finance, Audit & Risk Management Committee is comprised of:

Cr Batten

Cr Blakeway

Cr Elliott-Lockhart

Cr Rodney

Kenn Donohoe – External, Independent Member (Chair)

Observers

CEO

Manager Finance & Corporate Services

1	Declaration of Opening & Announcements of Visitors	6
2	Announcements from the Presiding Member.....	6
3	Record of Attendance	6
	3.1 Attendees	6
	3.2 Apologies	6
4	Disclosure of Interest	6
5	Petitions/Deputations/Presentations	7
	5.1 Petitions	7
	5.2 Presentations	7
	5.3 Deputations	7
6	Confirmation of Minutes from previous meetings	8
7	Items to be dealt with En Bloc	8
8	Officers Reports	9
	8.2 Audit Regulation 17 & 5 Status Report	12
9	New Business of an Urgent Nature Introduced by Decision of the Meeting.....	19
10	Closure	19

1 Declaration of Opening & Announcements of Visitors

The Presiding member will welcome elected members and staff to the committee meeting and declare the meeting open.

“The Shire of Chapman Valley would like to respectfully acknowledge the Naaguja peoples who are the traditional owners and first people of the land on which we stand.

We would like to pay our respect to the elders past, present and emerging for they hold the memories, the traditions, the culture and hopes of the Naaguja peoples.”

2 Announcements from the Presiding Member

3 Record of Attendance

3.1 Attendees

The following are anticipated to attend the Finance, Audit & Risk Management Committee Meeting:

Elected Members

Cr Batten

Cr Blakeway

Cr Elliott-Lockhart

Cr Rodney

External

Kenn Donohoe – Independent Member (Chair)

Officers

Jamie Criddle, Chief Executive Officer

Dianne Raymond, Manager Finance & Corporate Services

3.2 Apologies

4 Disclosure of Interest

Local Government Act 1995

Administration Part 5

Disclosure of financial interests and gifts Division 6

s. 5.59

Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the

meeting commences.

Section 5.60A:

“a person has a financial interest in a matter if it is reasonable to expect that the matter will, if dealt with by the local government, or an employee or committee of the local government or member of the council of the local government, in a particular way, result in a financial gain, loss, benefit or detriment for the person.”

Section 5.60B:

“a person has a proximity interest in a matter if the matter concerns –

(a) a proposed change to a planning scheme affecting land that adjoins the person’s land; or
(b) a proposed change to the zoning or use of land that adjoins the person’s land; or
(c) a proposed development (as defined in section 5.63(5)) of land that adjoins the person’s land.”

Regulation 34C (Impartiality):

“interest means an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person having the interest and includes an interest arising from kinship, friendship or membership of an association.”

5 Petitions/Deputations/Presentations

5.1 Petitions

The Council has not received any petitions at the time of writing this report

5.2 Presentations

The Council does not anticipate any presentations at the time of writing this report.

5.3 Deputations

The Council has not received any deputations at the time of writing this report.

6 Confirmation of Minutes from previous meetings

Recommendation

That the Minutes of the Finance, Audit and Risk Management Committee Meeting held on 9 December 2025 be confirmed as true and accurate.

7 Items to be dealt with En Bloc

8 Officers Reports

8.1	Compliance Audit Return 2025
Department	Finance, Governance & Corporate Services Administration & Governance
Author	Jamie Criddle
Reference(s)	407.04
Attachment(s)	1. Compliance Audit Return L G- CA R-585966 [8.1.1 - 22 pages]

Voting Requirements

Simply Majority

Staff Recommendation

That the Audit, Risk and Improvement Committee:

1. Reviews and endorses the Compliance Audit Return for the period 1 January to 31 December 2025, as contained in ATTACHMENT: 1
2. Notes that the Committee is satisfied with the Compliance Audit Return following its review and has no further recommendations in relation to the matters contained within the Return; and
3. Recommends that Council adopt the Compliance Audit Return as presented in ATTACHMENT: 1 in accordance with regulation 14 of the Local Government (Audit) Regulations 1996.

Disclosure of Interest

No officer declared an interest under the Local Government Act 1995, Subdivision 1 (LGA 1995) in the preparation of this report.

Background

Each local government in Western Australia is required to undertake an annual compliance audit for the period from 1 January to 31 December and prepare a Compliance Audit Return (CAR) in the form approved by the Local Government Inspector.

The CAR is completed through a prescribed online questionnaire and assesses the local government's compliance with selected legislative requirements during the relevant calendar year. The return focuses on statutory compliance matters identified as being of particular governance and operational significance.

Under regulation 14 of the Local Government (Audit) Regulations 1996, the Chief Executive Officer is responsible for preparing the CAR and providing it to the Audit, Risk and Improvement Committee (ARIC). The ARIC must review the return and report the outcome of its review to Council, including any recommendations the Committee considers appropriate.

The completed 2025 CAR was prepared by Chief Executive Officer with assistance from Senior Staff.

The CAR is to be considered by the Audit, Risk and Improvement Committee at this meeting. The Committee will review the return and resolved to recommend its adoption by Council.

Following Council's adoption, the CAR must be signed by the Shire President and the Chief Executive Officer and submitted to the Local Government Inspector, together with:

- Any recommendations made by the ARIC in relation to the CAR;
- The relevant extract of the Council meeting minutes recording adoption of the CAR; and
- Any additional information explaining or qualifying the compliance audit, where applicable.

The deadline for submitting the 2025 CAR has been deferred to 30 September 2026.

Comment

Legislative and governance context

The Western Australian Government introduced significant reforms to the local-government audit and governance framework through the Local Government Amendment Act 2024 and associated regulations.

These reforms expanded the role of local government audit committees and established the statutory framework for Audit, Risk and Improvement Committees. The new framework broadens the committee's responsibilities beyond traditional external audit and financial-management matters to include risk management, governance, compliance and continuous improvement.

The amended ARIC provisions commenced on 1 January 2026, with a transition period ending on 30 June 2026. The requirement for ARIC review of the CAR is consistent with the Committee's broader statutory governance and assurance role.

Compliance Audit Return

The attached 2025 CAR has been completed using the prescribed online questionnaire for the period 1 January 2025 to 31 December 2025.

The return is now presented to Council following review by the ARIC. Council is required to consider the CAR and may adopt the return as presented or amend it before adoption.

Subject to Council's resolution, the final CAR will be signed by the Shire President and Temporary Chief Executive Officer and submitted through the prescribed DLGSC online process by 30 September 2026.

Statutory Environment

The report complies with the requirements of the:

Local Government Act 1995

Regulation 14 of the Local Government (Audit) Regulations 1996 requires a local government to conduct a compliance audit for each calendar year.

Following completion of the audit:

- The Chief Executive Officer must prepare a CAR in the form approved by the Local Government Inspector and provide it to the ARIC.
- The ARIC must review the CAR and report the results of that review to Council.
- The ARIC may make recommendations to Council in relation to the CAR.
- Council must consider and adopt the CAR, with or without amendment.
- Following adoption, the local government must provide the Local Government Inspector with the signed CAR, any ARIC recommendations, the relevant Council minutes, and any additional explanatory or qualifying information.

While CAR material is ordinarily due by 31 March following the reporting period, the deadline for the CAR covering 1 January to 31 December 2025 has been deferred until 30 September 2026.

Policy/Procedure Implications

No Policy or Management Procedure affected.

Financial Implications

No Financial Implications Identified.

Strategic Implications

Strategic Community Plan/Corporate Business Plan Implications

GOVERNANCE & ACCOUNTABILITY

5.3 Make informed decisions within resources and areas of responsibility.

5.3.2 Regular and relevant briefings to Elected Members.

Consultation

Executive Staff

Risk Assessment

A Minor Compliance Risk of Level 2 - Which will likely result in some temporary non-compliance.

8.2 Audit Regulation 17 & 5 Status Report	
Department	Finance, Governance & Corporate Services Administration & Governance
Author	Jamie Criddle
Reference(s)	407.04
Attachment(s)	1. Action Register Status Report - June 26 [8.2.1 - 7 pages]

Voting Requirements

Simply Majority

Staff Recommendation

That the Audit, Risk and Improvement Committee:

1. **Receives** the Quarterly Update on the Regulation 17 and Financial Management Review findings, including the Executive Summary & Action Plan at Attachment 1, the Financial Management Review report at Attachment 2 and the Audit Actions Register update at Attachment 3.
2. **Notes** that the March 2026 Financial Management Review concluded that the Shire has appropriate and effective financial management systems and procedures, while identifying nine improvement recommendations comprising one moderate-risk and eight low-risk recommendations.
3. **Notes** that, from 1 January 2026, the former regulation 5(2)(c) financial-management review requirement has been incorporated into the revised regulation 17 framework under the *Local Government (Audit) Regulations 1996*, and that Quantum Assurance advised the completed review satisfies the current regulation 17 requirements, with the next review due in 2029/30.
4. **Requests** that management continue to report progress through the Audit Actions Register, including completion evidence, overdue or deferred actions, revised due dates, responsible officers, interim controls and any matters requiring ARIC escalation.
5. **Requests** a specific progress update at the next ARIC meeting on the moderate-risk recommendation concerning Elected Members' expenses disclosure, the outstanding corporate transaction card policy and agreement actions, and the status of the key Regulation 17 actions due during 2026.

No officer declared an interest under the Local Government Act 1995, Subdivision 1 (LGA 1995) in the preparation of this report.

Background

The March 2026 Financial Management Review undertaken by Quantum Assurance incorporated both an update of the Shire's 2025 Regulation 17 Systems and Procedures Review and additional financial-management testing previously undertaken under regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.

The review concluded that the Shire has appropriate and effective financial management systems and procedures, with improvements identified. It recorded nine recommendations: one moderate-risk recommendation and eight low-risk recommendations. The review also confirmed that the work completed satisfies the current requirements of regulation 17 of the *Local Government (Audit) Regulations 1996*, with the next review not required until 2029/30.

The Regulation 17 Action Plan contains 21 actions across risk management, business continuity, ICT, financial processes, integrity, environmental risk, governance, internal controls and legislative compliance. Progress has been recorded against these actions through the Executive Team and SkyTrust, with completed actions and outstanding actions to continue to be reported to ARIC through the Audit Actions Register.

Of the nine Financial Management Review recommendations, four are recorded as completed or implemented, four remain in progress or subject to planned follow-up, and one moderate-risk item requires confirmation that the required treatment has been implemented and is operating effectively. ARIC is requested to receive the quarterly update and note the matters requiring continued monitoring.

Prior to 1 January 2026, regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* required the CEO to review the appropriateness and effectiveness of the Shire's financial-management systems and procedures at least once every three financial years and report the results to the local government.

From 1 January 2026, the former regulation 5(2)(c) requirement was removed. The amended regulation 17 of the *Local Government (Audit) Regulations 1996* now requires the CEO to review the appropriateness and effectiveness of the Shire's systems and procedures in relation to:

- financial management;
- legislative compliance; and
- risk management.

Each area must be reviewed at least once every four financial years, with the CEO required to report the results to ARIC.

Quantum Assurance was engaged to complete the Financial Management Review before the legislative change. With the Shire's approval, the engagement was amended to incorporate an update of the 2025 Regulation 17 Systems and Procedures Review and to address the revised regulation 17 requirements. The review covered the period January 2025 to January 2026 and assessed financial management, legislative compliance and risk management.

The Financial Management Review was finalised in March 2026 and signed by Quantum Assurance on 12 May 2026. Quantum Assurance concluded that the work performed satisfies the revised regulation 17 requirements and that the next review is not required until 2029/30.

Comment

The review concluded that the Shire has appropriate and effective financial management systems and procedures, with some improvements noted, most of which were in progress at the time of the review.

Testing confirmed that systems and procedures were operating appropriately in a number of key areas, including:

- bank accounts, trust funds and reserve accounts;
- fixed assets;
- inventory controls;
- payroll controls;
- creditors, procurement and payment processes;
- rates invoicing and debt collection; and
- GST processes.

The review also noted measures in place to manage the related-party relationship between the Manager Finance & Corporate Services (MFCS) and Financial & Digital Systems Coordinator (FDSC), including separation of tasks and authorisations where practicable, CEO approval of system changes and journals, and the development of additional capability to support segregation of duties.

FM Review Recommendations

The nine recommendations from the Financial Management Review are summarised below. They are to be maintained in the Audit Actions Register, with evidence of completion retained and progress reported to ARIC.

Ref.	Area	Risk rating	Required action	Management status recorded in the review	ARIC monitoring focus
1	Corporate transaction cards	Low	Amend CMP-021 to require suspension of credit cards for staff on extended leave.	Policy modification identified for the May 2026 meeting.	Confirm policy amendment was adopted and communicated to relevant officers and cardholders.
2	Corporate transaction cards	Low	Amend CMP-021 to update the referenced	Policy modification identified for the May 2026	Confirm policy amendment was adopted.

			responsible officer from the former Executive Manager Corporate & Community Services to the MFCS.	meeting.	
3	Corporate transaction cards	Low	Obtain signed credit-card agreements for the CEO and MFCS.	Due October 2026. The bank was contacted but was unable to locate agreements held on hand and was to make further enquiries.	Monitor completion by the due date; retain newly executed agreements or documented evidence of alternative control arrangements.
4	Depot inventory security	Low	Consider whether locking the Depot gates during the day is practical to enhance security.	Completed. The Shire determined that daytime locking was not practical due to high traffic movements; movement-activated CCTV is in place and the diesel tank is secured behind a locked gate.	Record the documented risk assessment and closure rationale, including CCTV and physical-security controls.
5	Elected Members' fees, allowances and expenses	Moderate	Seek clarification on the interpretation of direct Shire-paid Elected Member expenses that should be included in the Register of Fees, Allowances and Expenses Paid to Elected	Due May 2026. Management response states that fees, allowances and conference expenses will be reported through the Compliance Hub.	Confirm the source of clarification, update the register and website disclosure practice as required, and verify implementation.

			Members.		
6	Elected Members' fees, allowances and expenses	Low	Publish the Register of Fees, Allowances and Expenses Paid to Elected Members on the Shire website.	Completed.	Verify current website publication and include this requirement in the annual compliance process.
7	Employee Code of Conduct	Low	Require employees to acknowledge compliance with the Employee Code of Conduct as part of induction, preferably through SkyTrust.	Implemented as part of induction and retrospectively with existing staff.	Confirm records are complete, retained in SkyTrust and incorporated into periodic induction assurance.
8	Financial interests register	Low	Remove the former President's annual returns from the register.	Completed.	Confirm closure evidence is retained and that exit procedures address the removal of documents for former members and staff.
9	Declarations of interest	Low	Ensure declarations of financial interest and impartiality at Shire meetings are minuted.	Completed. Relevant officer notified.	Include a periodic quality-assurance check of agendas and minutes to verify ongoing compliance.

Regulation 17 Actions

The Regulation 17 Action Plan contains 21 priority actions. The Financial Management Review recorded the following status as at the time of its preparation:

Status	Actions	Position recorded in the Financial Management Review
--------	---------	--

category		
Completed / implemented	9, 10, 17 and 18	Fraud, Corruption and Misconduct Policy and Integrity Framework adopted in March 2026; Code of Conduct acknowledgement process implemented through Executive Team action on 4 February 2026; Delegations Register website update completed; and ARIC Terms of Reference adopted in October 2025.
Due July 2026 / progressing	1, 2, 3, 4 and 16	Risk Management Policy and Framework, risk appetite and criteria, Corporate Risk Register and Business Continuity Plan were progressing for presentation to Executive Team and ARIC before Council adoption. Risk education program design was progressing through SkyTrust.
Due or progressing during 2026	5, 6, 7, 8, 13, 14, 15, 19, 20 and 21	BCP testing, IT crisis exercise, backup and recovery testing, Finance Manual, corporate risk profile, Audit Actions Register, closure of prior audit actions, ICT policy/manual, performance reviews and month-end procedures remained in progress or scheduled for completion during 2026.
Deferred / dependent on resourcing	11 and 12	Works and Services Manual review and environmental-risk consideration were scheduled for review upon the Works Manager's return, with a target of January 2027.

The action plan requires that all Regulation 17, Financial Management Review, external audit, internal audit and other relevant assurance findings are captured in the central Audit Actions Register. The Register should identify the source finding, action, responsible officer, risk rating or priority, due date, current status, evidence of completion and any revised target date or escalation requirement.

The Financial Management Review provides positive overall assurance regarding the Shire's financial-management systems and procedures, while identifying practical improvements that will strengthen documentation, accountability, legislative compliance and control operation.

The former regulation 5(2)(c) review requirement has now been incorporated into the revised regulation 17 framework. Accordingly, future reporting should refer to the Financial Management Review and the Regulation 17 review program, rather than describing Regulation 5 as a continuing statutory review requirement. The actions identified through the former regulation 5 review remain valid management actions and should continue to be monitored to closure.

The moderate-risk recommendation concerning the disclosure of Elected Members' expenses should remain a particular focus for ARIC. The Committee should seek assurance that the Shire has obtained or documented appropriate clarification, determined its disclosure approach, updated the relevant register and website publication process where required, and embedded the process in the Compliance Hub and annual compliance cycle.

The outstanding credit-card actions also require confirmation that CMP-021 has been updated and that signed agreements for the CEO and MFCS have been obtained or otherwise appropriately regularised. While the recommendations are rated low risk, they relate to documented authority, accountability and financial-control arrangements.

For all completed actions, management should retain auditable closure evidence in the Audit Actions Register. For actions continuing beyond their original target date, the register should record the reason for delay, the risk implications, revised target dates, accountable officers and any interim controls.

Statutory Environment

No Financial Implications Identified.

- *Local Government Act 1995.*
- *Local Government (Audit) Regulations 1996*, including regulation 17.
- *Local Government (Audit) Regulations 1996*, including regulation 5, as applicable to audit findings and management responses.
- Council's Risk Management Policy and Risk Management Framework.
- Council's Business Continuity Plan.
- Council's Compliance Calendar and Compliance Audit Return processes.
- ARIC Terms of Reference.

Policy/Procedure Implications

A Policy or Procedure is affected:

Organisational Corporate Policy & Procedures

Financial Implications

No Financial Implications Identified.

Strategic Implications

Strategic Community Plan/Corporate Business Plan Implications

GOVERNANCE & ACCOUNTABILITY

5.3 Make informed decisions within resources and areas of responsibility.

5.3.2 Regular and relevant briefings to Elected Members.

Consultation

Executive Staff

Risk

Assessment

A Minor Compliance Risk of Level 2 - Which will likely result in some temporary non-compliance.

A Minor Reputational Risk of Level 2 - Which will likely result in substantiated, low impact, low news item.

9 New Business of an Urgent Nature Introduced by Decision of the Meeting

10 Closure