

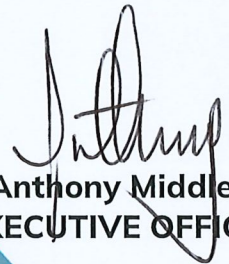


Shire of
Plantagenet

Mount Barker • Kendenup • Narrikup
Porongurup • Rocky Gully

AUDIT AND RISK MANAGEMENT COMMITTEE MINUTES

A meeting of the Audit and Risk Management Committee
was held in the Committee Room,
Lowood Road, Mount Barker WA 6324
at 3.30pm on Tuesday 26 August 2025



Anthony Middleton
ACTING CHIEF EXECUTIVE OFFICER

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1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Presiding Member declared the meeting open at 3.30pm.

2 RECORD OF ATTENDANCE / APOLOGIES

Members Present

Cr L Handasyde (Presiding Member)

Cr J Liebeck

Cr K Clements

Observers

Cr B Bell (Deputy)

Cr W Sheard (Deputy)

Cr S Etherington (Deputy)

Entered the meeting at 3.34pm

Cr J Oldfield (Deputy)

Entered the meeting at 3.34pm

Staff

Mr Anthony Middleton - Executive Manager Corporate and Community Services

Apologies

Cr A Fraser

Leave of Absence

Nil

3 CONFIRMATION OF MINUTES

OFFICER RECOMMENDATION / COMMITTEE DECISION

Moved Cr K Clements, seconded Cr J Liebeck:

That the Minutes of the Meeting of the Audit and Risk Management Committee held on 25 February 2025 be confirmed as a true and accurate record.

CARRIED (3-0)

4 DISCLOSURE OF INTEREST

Part 5 Division 6 Local Government Act 1995

There were no disclosures of interest.

3.34pm Crs Etherington and Oldfield entered the meeting as observers.

5 REPORTS OF COMMITTEE MEMBERS AND OFFICERS

5.1 COMMITTEE STATUS REPORT

Refer to attachment 5.1.1. A summary of the open items on the Status Report each meeting is as follows:

Summary:

Month	August 2025			
Number of Active Items	40			

The Committee Status Report was noted.

5.2 INTERIM AUDIT RESULTS – YEAR ENDING 30 JUNE 2025

Attachment:	<u>Auditors Management Letter</u>
Responsible Officer:	Anthony Middleton Executive Manager – Corporate & Community
Author:	Kylie Caley Manager of Finance
Proposed Meeting Date:	26 August 2025

PURPOSE

The purpose of this report is to consider the issues raised in the 2024/2025 Interim Audit.

BACKGROUND

The interim Audit was held onsite from 1-3 April 2025 and the audit findings were received on 8 July 2025.

EXTERNAL CONSULTATION

Nil.

STATUTORY ENVIRONMENT

The interim audit is prepared under the Local Government Act 1995 and relevant Regulations.

POLICY IMPLICATIONS

Policy implications do not apply for this report and it is the opinion of the author that policy development is not required.

FINANCIAL IMPLICATIONS

This item reports on financial processes and systems used by the organisation. The recommendation does not in itself have a financial implication.

BUDGET IMPLICATIONS

There are no budget implications for this report.

LEGAL IMPLICATIONS

There are no legal implications for this report.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications as no assets are being created or acquired.

STRATEGIC IMPLICATIONS

The Shire of Plantagenet Corporate Business Plan 2022/23 – 2025/26 provides:

At Outcome 4 Performance & Leadership the following Strategies:

Strategy 4.1.3:

‘A Shire that is open and transparent with its community.’

Accordingly, the recommended outcome for this report aligns with the Corporate Business Plan.

STRATEGIC RISK IMPLICATIONS

Low Risk

This item has been evaluated against the Shire of Plantagenet 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 currently available resources.

REGIONAL IMPLICATIONS

There are no regional implications for this report.

OFFICER COMMENT

The Auditors Management Letter is attached to this item. The five (5) issues raised in the management letter will be added to the ‘Status Report’ (refer item 5.1) for inclusion in future Committee agendas. This will ensure that Committee members can monitor staff progress in addressing each item.

The five issues raised were as follows:

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Payroll Software Employee Access Levels & Permissions	No	✓			
2. Creditor Masterfile Audit Trail Review	No		✓		
3. GST Treatment of Purchase & Sales	No		✓		
4. Review of Monthly Reconciliation Debtor & Creditors	No		✓		✓

5. Payroll Deductions	No		✓		
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VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION/COMMITTEE DECISION

Moved Cr J Liebeck, seconded Cr K Clements:

That the Committee notes the five (5) matters raised in the Auditor's Management Letter and includes in the future Committee Status Reports.

CARRIED (3-0)

5.3 FINANCIAL MANAGEMENT REVIEW - 2025

Responsible Officer:	Anthony Middleton Executive Manager – Corporate & Community
Author:	Anthony Middleton Executive Manager – Corporate & Community
Proposed Meeting Date:	26 August 2025

PURPOSE

The purpose of this report is to note the adoption of the Financial Management Review by the Council and the additional items to be considered by the Audit & Risk Committee each year resulting from the review.

BACKGROUND

Regulation 5 (2)(c) of the *Local Government (Financial Management) Regulations 1996* require the CEO to:

undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

The last review was completed in August 2022 and was adopted by the Council on 23 August 2023. This 2022 review contained forty one (41) recommendations across the following areas:

- Strategic Plans;
- Policy (3 recommended improvements);
- Strategic & Operational Plans (3 recommended improvements);
- Operational & Financial Procedures (23 recommended improvements);
- Human Resource Management & Practices (2 recommended improvements);
- Insurance (1 recommended improvement);
- Council and Audit & Risk Committee (1 recommended improvement);
- Strategic and Operational Registers (6 recommended improvements);
- Annual Compliance Audit Returns;
- Audit Practices (1 recommended improvement); and
- Review required to be undertaken by the CEO (1 recommended improvement).

EXTERNAL CONSULTATION

Nil.

STATUTORY ENVIRONMENT

The Financial Management Review is required under the Local Government Act 1995 and relevant Regulations.

POLICY IMPLICATIONS

There are no policy implications for this report.

FINANCIAL IMPLICATIONS

There are no financial implications for this report.

BUDGET IMPLICATIONS

There are no budget implications for this report.

LEGAL IMPLICATIONS

There are no legal implications for this report.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications for this report.

STRATEGIC IMPLICATIONS

The Shire of Plantagenet Corporate Business Plan 2022/23 – 2025/26 provides:

At *Outcome 4 Performance & Leadership* the following Strategies:

Strategy 4.1.3:

‘A Shire that is open and transparent with its community.’

Accordingly, the recommended outcome for this report aligns with the Corporate Business Plan.

STRATEGIC RISK IMPLICATIONSLow Risk

This item has been evaluated against the Shire of Plantagenet 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 currently available resources.

REGIONAL IMPLICATIONS

There are no regional implications for this report.

OFFICER COMMENT

An examination of the 2022 Financial Management Review report revealed that the recommendations contained in the report have not been adequately actioned since its adoption, with only 30% of the 41 recommendations addressed. There are various reasons attributable to this lack of action, particularly changeover in key senior staff positions and no reporting and monitoring process to the Audit & Risk Committee/Council.

A desktop review has been carried out by management to satisfy regulation 5 (2)(c) and it was recommended to the Council that no new financial management review

be undertaken and that the 2022 Financial Management Review be received by the Council as the review required by regulation 5(2)(c). In addition, the following actions be undertaken:

1. The 41 recommended improvements be added to the Audit & Risk Committee's Status Report, ensuring a monitoring and reporting process to both the Audit & Risk Committee and the Council.
2. The ICT Disaster Recovery Plan be reviewed by the Audit & Risk Committee annually (refer item 6.1.2 of the 2022 Financial Management Review).
3. The Business Continuity Plan be reviewed by the Audit & Risk Committee annually (refer item 6.1.3 of the 2022 Financial Management Review).
4. The 'Dashboard Report' of the Shire's Risk Management Framework be added as a regular agenda item to the Audit & Risk Committee meeting agenda (refer item 6.2.8 of the 2022 Financial Management Review); and
5. A summary of the Shire's annual insurance program be presented to the Audit & Risk Committee annually (refer item 6.4.1 of the 2022 Financial Management Review).

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION/COMMITTEE DECISION

Moved Cr J Liebeck, seconded Cr K Clements:

That the Committee note the attached Financial Management Review 2025 and the following items be added as regular items to the Committee agenda:

- 1. The 41 recommended improvements be added to the Audit & Risk Committee's Status Report and progress be reported at each meeting;**
- 2. The ICT Disaster Recovery Plan be reviewed by the Audit & Risk Committee annually;**
- 3. The Business Continuity Plan be reviewed by the Audit & Risk Committee annually;**
- 4. The 'Dashboard Report' of the Shire's Risk Management Framework be added as a regular agenda item to the Audit & Risk Committee meeting agenda; and**
- 5. A summary of the Shire's annual insurance program be presented to the Audit & Risk Committee annually.**

CARRIED (3-0)

5.4 ASSET REVALUATION AND DEPRECIATION REVIEW

Responsible Officer: Anthony Middleton
Executive Manager – Corporate & Community

Author: Kylie Caley
Manager of Finance

Proposed Meeting Date: 13 May 2025

PURPOSE

The purpose of this report is to review the annual depreciation for Council's Infrastructure (Roads) assets.

BACKGROUND

In 2023, AssetVal were engaged to carry out a fair value revaluation of Council's Infrastructure assets as at 30 June 2023 as per the Australian Accounting Standards (AASB).

The overall increase of the value of the infrastructure (roads) assets was determined to be 155% of the existing valuation along with a rise in the annual depreciation expense of 255%. The two tables below show the increases resulting from the revaluation.

Asset Values:

Asset Type	2023 Current Valuation	2023 Fair Value Valuation	% Increase
Road Surface	\$ 16,857,187	\$ 96,735,828	474%
Pavement (Subgrade)	\$ 85,854,592	\$ 138,794,790	62%
Pavement (Pavement)	\$ 102,624,371	\$ 287,385,087	180%
Kerbing	\$ 1,467,922	\$ 5,156,181	251%
TOTAL	\$ 206,804,072	\$ 528,071,884	155%

Asset Depreciation:

Asset Type	2023 Current Depreciation	2023 Fair Value Depreciation	% Increase
Road Surface	\$ 817,181	\$ 3,217,597	294%
Pavement (Subgrade)	\$ -	\$ -	0%
Pavement (Pavement)	\$ 3,125,671	\$ 9,703,098	210%
Kerbing	\$ 69,101	\$ 128,905	87%
TOTAL	\$ 4,011,953	\$ 13,049,600	225%

EXTERNAL CONSULTATION

Nil.

STATUTORY ENVIRONMENT

Nil

POLICY IMPLICATIONS

Policy implications do not apply for this report and it is the opinion of the author that policy development is not required.

FINANCIAL IMPLICATIONS

This item has significant impact on the depreciation and asset management requirements of the Shire. The value of an organisations asset base directly impacts the annual amount required to be set aside for asset renewal. The completion of the Long-Term Financial Plan and Asset Management Plan has been especially difficult as a direct result of the large increase in asset values shown above.

BUDGET IMPLICATIONS

There are no budget implications for this report.

LEGAL IMPLICATIONS

There are no legal implications for this report.

ASSET MANAGEMENT IMPLICATIONS

This item is at the very core of asset management principals. The value of an organisations asset base directly impacts the annual amount required to be set aside for asset renewal. This completion of the Long-Term Financial Plan and Asset Management Plan has been especially difficult as a direct result of the large increase in asset values shown above.

STRATEGIC IMPLICATIONS

The Shire of Plantagenet Corporate Business Plan 2022/23 – 2025/26 provides:

At Outcome 4 Performance & Leadership the following Strategies:

Strategy 4.1.3:

‘A Shire that is open and transparent with its community.’

Accordingly, the recommended outcome for this report aligns with the Corporate Business Plan.

STRATEGIC RISK IMPLICATIONSLow Risk

This item has been evaluated against the Shire of Plantagenet Risk Assessment and Acceptance Criteria. The perceived level of risk is considered to be “Medium” and can be managed by specific procedures, increased monitoring and the allocation of additional resources.

REGIONAL IMPLICATIONS

There are no regional implications for this report.

OFFICER COMMENT

A comprehensive internal review has been conducted to assess the estimated useful lives and depreciation rates of Infrastructure (Roads) assets. This evaluation aims to ensure that depreciation expenses are aligned with realistic and reasonable financial expectations.

The tables below summarise the proposed changes to the assets to remain in effect until the next revaluation is conducted in the 2027/ 2028 financial year.

The proposed changes will be applied effective as of 1 July 2025.

Asset Estimated Useful Life:

Asset Class Description	2025 Current Useful Life	Proposed Useful Life
Road Surface	18	30
Pavement (Subgrade)	100	100
Pavement (Pavement)	36	60
Kerbing	50	50
Road Surface	25	30

Asset Depreciation Rate:

Asset Class Description	2025 Current Depreciation rate	Proposed Depreciation Rate
Road Surface	3.3262	3.33333
Pavement (Subgrade)	0	0
Pavement (Pavement)	3.3763	1.66666
Kerbing	2.5	2
Road Surface	3.3763	3.33333

Asset Annual Depreciation:

Asset Class Description	2025 Current Annual Depreciation	New Annual Depreciation Calculation
Road Surface	\$ 3,217,627	\$ 3,224,524
Pavement (Subgrade)	\$ -	\$ -
Pavement (Pavement)	\$ 9,702,983	\$ 4,789,732
Kerbing	\$ 128,905	\$ 103,124
Road Surface	\$ 94,337	\$ 93,137
TOTAL	\$ 13,143,852	\$ 8,210,517

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION/COMMITTEE DECISION**Moved Cr J Liebeck, seconded Cr K Clements:**

1. That the Committee recommends to Council to endorse the changes to the Infrastructure (Roads) depreciation rates effective 1 July 2025 to:

Road Surface	3.33333
Pavement (Subgrade)	0
Pavement (Pavement)	1.66666
Kerbing	2
Road Surface	3.33333

2. That the Committee recommends to Council to endorse the changes to the Infrastructure (Roads) estimated useful lives effective 1 July 2025 to:

Road Surface	30
Pavement (Subgrade)	100
Pavement (Pavement)	60
Kerbing	50
Road Surface	30

CARRIED (3-0)

5.5 INSURANCE COVERAGE – 2025/2026

Attachment:	<u>Property Register</u> <u>Vehicle and Plant Register</u>
Responsible Officer:	Anthony Middleton Executive Manager – Corporate & Community
Author:	Kylie Caley Manager of Finance
Proposed Meeting Date:	26 August 2025

PURPOSE

The purpose of this report is to inform the Audit and Risk Management Committee of the insurance levels and the Property, Vehicle & Plant insurance registers for the 2025/2026 financial year.

BACKGROUND

Insurance represents a significant annual expense for the Shire and plays a crucial role in its risk management strategy. It is essential that the Committee, Council, and staff collaborate to ensure all assets of material value are accurately recorded in the insurance registers, safeguarding the Shire's financial and operational interests.

EXTERNAL CONSULTATION

Local Government Insurance Services.

STATUTORY ENVIRONMENT

Local Government Act 1995 - Section 5.49 Workers Compensation Insurance

POLICY IMPLICATIONS

Policy implications do not apply for this report and it is the opinion of the author that policy development is not required.

FINANCIAL IMPLICATIONS

The cost of annual insurance premiums are budgeted for each year.

BUDGET IMPLICATIONS

There are no budget implications for this report.

LEGAL IMPLICATIONS

There are no legal implications for this report.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications as no assets are being created or acquired.

STRATEGIC IMPLICATIONS

The Shire of Plantagenet Corporate Business Plan 2022/23 – 2025/26 provides:

At Outcome 4 Performance & Leadership the following Strategies:

Strategy 4.1.3:

‘A Shire that is open and transparent with its community.’

Accordingly, the recommended outcome for this report aligns with the Corporate Business Plan.

STRATEGIC RISK IMPLICATIONS

Holding adequate levels of insurance is the primary risk management tool used to minimise loss.

Low Risk

This item has been evaluated against the Shire of Plantagenet 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 currently available resources.

REGIONAL IMPLICATIONS

There are no regional implications for this report.

OFFICER COMMENT

The Shire’s insurance coverage is with Local Government Insurance Services (LGIS). LGIS is partly owned by the Western Australian Local Government Association (WALGA).

Each year, before the end of the financial year, LGIS requests that the Shire review and update its database records for property, vehicle, and plant assets. This process ensures that all assets are appropriately covered by insurance, maintaining comprehensive protection and compliance.

Below is a list of insurances held by the Shire for the 2025/2026 financial year including insurance provider, limit of liability and the cost of the premium.

OLICY	2024/25 PREMIUM (EXCLUDING GST)	2025/26 PREMIUM (EXCLUDING GST)	LIABILITY	INTEREST PROTECTED
LGIS Property	\$173,832.00	\$165,236.50	\$600m	Physical loss, destruction or damage to shire owned facilities or houses including machinery breakdown, electronic equipment breakdown and general property
LGIS Bushfire	\$46,225.00	\$48,719.00	\$750k	Volunteer bushfire members, medical expenses, loss of income, and death benefits
LGIS Liability	\$47,130.00	\$49,486.94	\$600m	Public liability - death, personal injury, loss or damage to property
LGIS Casual Hirers Liability	\$0.00	\$0.00	\$10m	Legal liability to third parties for death, illness or personal injury and loss or damage to property at a hired facility
LGIS Pollution Liability	\$0.00	\$0.00	\$5k	Loss arising from pollution conditions or effluent re-use conditions
LGIS Management Liability	\$11,450.00	\$11,614.21	\$4m	Councillors & Officers liability and employment practices liability

LGIS Motor Vehicle Fleet	\$78,741.00	\$83,674.00	\$6m	All motor vehicles, heavy vehicles & trailers owned or leased including bushfire brigade members vehicles
LGIS Commercial Crime & Cyber Liability	\$8,281.00	\$8,629.94	\$1m	Direct financial loss sustained by the Shire
LGIS Voluntary Workers	\$553.80	\$578.72	\$500k	Legal liability to authorised persons being elected members or volunteers for death, illness or personal injury and loss or damage to property while carrying out tasks under the direction of the shire.
LGIS Corporate Travel	\$931.00	\$930.97	\$10m	External business travel more than 50kms
LGIS WorkCare	\$240,781.00	\$294,288.00	\$300k	Workers' compensation and injury management including journey accident cover
Marine Cargo	\$796.95	\$315.00	\$456k	All goods &/interests belonging &/or pertaining whilst in transit by land, air, water, & parcel post
Total Insurance	\$607,924.80	\$663,158.28		

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION/COMMITTEE DECISION

Moved Cr J Liebeck, seconded Cr K Clements:

That the Audit & Risk Committee note the insurance levels and the Property, Vehicle & Plant insurance registers for the 2025/2026 financial year.

CARRIED (3-0)

6 GENERAL BUSINESS

Nil

7 NEXT MEETING

11 November 2025 (propose to be held quarterly on Council Forum days, subject to Committee member availability).

8 CLOSURE OF MEETING

The Presiding Member declared the meeting closed at 3.49pm.

CONFIRMED: PRESIDING MEMBER_____ DATE: ____/____/____