

Council

AUDIT REGULATION 17 REVIEW

Review Report

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Shire of Plantagenet

Regulation 17 Review

February 2026

Review Report

(Review in Confidence)

Table of Contents

Regulation 17 Review Summary and Conclusion	3
Introduction	3
Scope and Methodology.....	3
Review Work Program	4
Risk Management.....	4
Internal Control	4
Legislative Compliance	4
Review Conclusions.....	5
Findings and Recommendations	8
Recommendations Only	8
Previous Regulation 17 Review.....	15
Overall Summary and Next Steps.....	16

Regulation 17 Review Summary and Conclusion

Introduction

Lincolns has been engaged by the Shire of Plantagenet to undertake a comprehensive Regulation 17 Review of the systems and processes established by management in relation to Risk Management, Internal Control, and Legislative Compliance, as required under the Local Government (Audit) Regulations 1996.

The objective of the review was to assess whether the Shire's systems and processes are appropriately designed and operating effectively, to identify areas of strength, and to highlight opportunities for improvement consistent with better-practice expectations for Western Australian local governments, having regard to the Shire's size, complexity and risk profile.

The engagement was conducted independently and in accordance with *ASAE 3000 – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. The review was not designed to identify all control deficiencies or instances of non-compliance, but rather to provide reasonable insight into the overall adequacy and effectiveness of the Shire's governance, risk and compliance frameworks.

Scope and Methodology

The review focused on evaluating whether the Shire has implemented appropriate and effective systems, policies and procedures to support sound governance, accountability and compliance with legislative requirements.

Consistent with the agreed engagement documentation, the scope of the review included the following prescribed areas under Regulation 17:

- **Risk Management:** Identification, assessment, treatment, monitoring and reporting of strategic and operational risks, including integration with business continuity planning and ICT disaster recovery arrangements.
- **Internal Control:** Financial and non-financial controls, policy and delegation frameworks, ICT governance and controls, fraud and corruption prevention mechanisms, and accountability and oversight processes.
- **Legislative Compliance:** Systems and procedures to support compliance with applicable legislation and regulations, including Integrated Planning and Reporting (IPR) obligations under the *Local Government Act 1995* and subsidiary regulations.

The methodology adopted was risk-based and practical, designed to balance compliance testing with the identification of governance maturity and improvement opportunities.

Key elements of the methodology included:

1. Planning and Liaison

Review of prior Regulation 17 reports, confirmation of scope and objectives, and identification of key stakeholders, documentation and information sources.

2. Fieldwork and Information Gathering

Discussions with relevant officers to understand the design and operation of systems and controls, together with examination of supporting documentation including policies, registers, plans, Council and Audit Committee minutes, and management reports.

3. Testing and Evaluation

Assessment of the design and operating effectiveness of selected controls through targeted sampling, document review and cross-referencing to governance and reporting processes.

4. Reporting

Compilation of findings, conclusions and recommendations, clearly distinguishing between mandatory legislative requirements and better-practice improvement opportunities, and calibrating risk ratings accordingly.

The review provides limited assurance in line with the professional standards above. The procedures undertaken were designed to obtain sufficient evidence to form a conclusion but not to identify every possible deficiency.

Review Work Program

The review work program was structured around the three prescribed areas of Regulation 17, supported by specific testing and document verification activities.

Risk Management

The review evaluated the Shire's risk management framework, including the existence and maintenance of strategic and operational risk registers, risk ownership arrangements, and governance and reporting processes. Consideration was given to the integration of risk management with business continuity planning, ICT disaster recovery arrangements and insurance coverage. The frequency and nature of risk reporting to the Audit, Risk and Improvement Committee and Council were also assessed.

Internal Control

The review assessed the design and implementation of internal controls across key business functions. This included examination of the policy framework, delegation and approval processes, segregation of duties, ICT controls (including user access, backups and system resilience), fraud and corruption prevention mechanisms, and awareness and reporting processes. Testing also considered the currency of policies and the adequacy of procedures to support consistent application of controls across the organisation.

Legislative Compliance

The review verified the existence and effectiveness of systems and processes to support compliance with legislative and regulatory obligations. This included consideration of Compliance Audit Returns, records management practices, and Integrated Planning and Reporting documentation such as the Strategic Community Plan, Corporate Business Plan, Asset Management Plans, Workforce planning arrangements and the Long-Term Financial Plan. The review focused on whether these documents are in place, aligned and subject to appropriate governance oversight.

Review Conclusions

Based on our assessment of the management controls and processes in place at the Shire of Plantagenet in relation to the three prescribed areas of the Regulation 17 review — Risk Management, Internal Control, and Legislative Compliance — our conclusions are set out below. These conclusions reflect the design and operating effectiveness of the Shire's systems and procedures at the time of review and distinguish between compliance requirements and governance maturity improvement opportunities.

Risk Management

The Shire of Plantagenet has well established systems and procedures to identify, assess, manage and monitor strategic and operational risks. A documented Risk Management Framework and live risk register support the identification of key risks, allocation of ownership, and recording of controls and treatment actions.

Risk oversight is embedded within governance processes, with risk matters referenced in Council and Audit, Risk and Improvement Committee reporting, Compliance Audit Return processes and broader management reporting. Insurance coverage through LGIS aligns with the Shire's identified operational risk profile, and ICT disaster recovery arrangements are documented.

While risk reporting occurs through multiple governance channels rather than via a single consolidated periodic report, the risk register is operating effectively in practice and supports informed oversight. No evidence was identified of unmanaged material risks or breakdowns in risk governance processes. Accordingly, the Shire's risk management systems are assessed as appropriate and effective under Regulation 17.

Key Points:

- A documented Risk Management Framework is in place and supported by a live strategic and operational risk register.
- Risks are rated using defined likelihood and consequence criteria, with assigned owners and treatment actions.
- Risk matters are considered through Audit, Risk and Improvement Committee and Council reporting processes.
- Insurance coverage is appropriate and broadly aligned to the Shire's operational and governance risk profile.
- ICT disaster recovery arrangements are documented; however, periodic testing would further strengthen assurance.
- Risk reporting occurs through distributed governance channels; a consolidated summary report would enhance visibility but is not essential for compliance.

Overall, the Shire's risk management systems are appropriate and effective under Regulation 17. No material control deficiencies were identified. The opportunities noted relate to enhancing documentation, structured reporting and assurance visibility rather than addressing weaknesses in control design or operation.

Internal Control

The Shire of Plantagenet has established a structured internal control environment supported by documented financial management policies, defined approval processes and governance oversight. Financial controls by way of policy and procedures covering purchasing, investments, borrowing and credit card use are in place and have been subject to recent Council review. Delegation arrangements are operating effectively and align with legislative and policy requirements.

Integrity controls are supported through Codes of Conduct, the Public Interest Disclosure framework and documented internal control policies. While fraud risk is addressed within these broader governance

mechanisms, a consolidated Fraud and Corruption Control Plan and formal awareness activities would enhance clarity and assurance.

ICT controls support system availability and integrity under normal operating conditions. Opportunities exist to further formalise documentation of user access reviews and change management processes to strengthen evidentiary assurance.

The Shire maintains a comprehensive and largely current policy suite reviewed through Council processes. Introducing a centralised policy register would improve coordination and visibility of review cycles and outstanding actions.

Key Points:

- Financial management and procurement controls are documented and operating.
- Delegations and approval thresholds align with governance practice.
- Integrity and disclosure frameworks are established.
- ICT controls are in place, with scope to enhance documentation of periodic reviews.
- Policy review activity is occurring; a consolidated register would strengthen oversight.

Overall, the Shire's internal control systems are appropriate and effective under Regulation 17. No material control deficiencies were identified, and the recommendations relate to documentation and governance maturity enhancements rather than control weaknesses.

Legislative Compliance

The Shire of Plantagenet has established systems and processes to support compliance with legislative and regulatory obligations. A documented compliance calendar is in place and is supported by management oversight and reporting to Council and the Audit, Risk and Improvement Committee. Compliance Audit Returns are prepared, certified and presented in accordance with statutory requirements.

Integrated Planning and Reporting (IPR) documentation is largely current. The Strategic Community Plan (2025–2035) and Corporate Business Plan (2025–2029) have been recently adopted, and the Asset Management Plan has been reviewed. The Long-Term Financial Plan remains in place, with a broader review process underway to ensure continued alignment with updated strategic planning documents.

Records management and governance reporting processes provide reasonable assurance that statutory obligations are identified and monitored.

Key Points:

- A compliance calendar is maintained and supports monitoring of statutory obligations.
- Compliance Audit Returns are completed and considered through governance processes.
- Core IPR documents (SCP and CBP) have been recently reviewed and adopted.
- The Long-Term Financial Plan review is in progress to maintain alignment.
- Compliance oversight is embedded within Council and Audit, Risk and Improvement Committee reporting.

Overall, the Shire's legislative compliance systems are appropriate and effective under Regulation 17. No material compliance deficiencies were identified. Recommendations arising from the review relate to maintaining structured review cycles and continued alignment of informing strategies rather than addressing compliance failures.

Summary of Conclusions

The Regulation 17 review of the Shire of Plantagenet assessed the appropriateness and effectiveness of systems and procedures relating to Risk Management, Internal Control and Legislative Compliance.

Based on the work performed, the Shire maintains sound governance, risk and control frameworks that are appropriate to its size, structure and operational complexity. Systems are documented, operating in practice and supported by active oversight through Council and the Audit, Risk and Improvement Committee. No material control deficiencies or reportable risk areas were identified during the review.

The opportunities identified relate to governance maturity enhancements rather than compliance failures. These include formalising periodic review cycles, strengthening documentation of ICT assurance activities, consolidating certain reporting artefacts and enhancing fraud awareness and policy oversight mechanisms. These matters are proportionate in nature and reflect continuous improvement rather than remediation of weaknesses.

Overall, the Shire's systems and processes provide reasonable assurance that risks are identified and managed, internal controls are functioning effectively, and legislative obligations are being monitored and met in accordance with Regulation 17 of the Local Government (Audit) Regulations 1996.

Findings and Recommendations

The following recommendations have been identified through the Regulation 17 review and are presented for management's consideration. These matters reflect governance maturity enhancements rather than control deficiencies.

Recommendations Only

1. Risk Register

Finding

The Shire maintains documented strategic and operational risk registers supported by a Risk Management Framework. The registers identify key risks, assign responsible officers, and record controls and treatment actions using defined likelihood and consequence ratings. Risk matters are referenced through Audit, Risk and Improvement Committee and Council reporting processes, demonstrating that risk considerations are embedded within governance activities.

While the risk registers are operating effectively in practice, evidence of a formally documented periodic enterprise-wide reassessment — including review of risk ratings, control effectiveness and treatment progress — was limited.

This does not represent a control deficiency under Regulation 17, as risk management systems are established and functioning. However, formalising review cycles and reporting would strengthen transparency and evidentiary assurance.

Recommendation

It is recommended that the CEO formalise and document a periodic review cycle for both strategic and operational risk registers (for example, biannually), including reassessment of risk ratings, evaluation of control effectiveness and confirmation of treatment progress.

In addition, consideration should be given to providing a light-touch annual or biannual consolidated risk summary to the Audit, Risk and Improvement Committee outlining:

- Key strategic and operational risks
- Changes in risk ratings
- Status of significant treatment actions
- Emerging risks

These enhancements would strengthen governance visibility and assurance while remaining proportionate to the Shire's size and risk profile.

Management Comments

Management will take under consideration as part of enhancement activities.

2. Insurance Coverage

Finding

The Shire maintains an appropriate and broad insurance program through the Local Government Insurance Scheme (LGIS), providing coverage across key exposure areas including public liability, professional indemnity, management liability, property, fleet and volunteer protection. Documentation reviewed confirms active membership and annual renewal processes, and insurance coverage is broadly aligned with the Shire's operational risk profile.

Cyber insurance coverage is included within the scheme arrangements; however, the aggregate limit is fixed and subject to scheme parameters. Given the evolving nature of cyber risk and increasing reliance on digital systems to support financial management, governance and service delivery, periodic reassessment of coverage adequacy would strengthen assurance.

In addition, certain governance, compliance and internal control risks are inherently uninsurable and must continue to be mitigated through robust internal controls, policy frameworks and management oversight.

This does not represent a deficiency in insurance arrangements. The Shire's current coverage is appropriate; however, documented periodic review would enhance governance maturity and evidentiary assurance.

Recommendation

It is recommended that management periodically review and document the adequacy of the Shire's insurance coverage — including cyber insurance limits — to confirm continued alignment with the Shire's risk profile and risk appetite.

In undertaking this review, consideration should be given to:

- Changes in the Shire's operational or asset exposure
- Emerging cyber and ICT risks
- Legislative or regulatory developments
- Insurance market conditions and scheme limits

Any enhancements should remain proportionate to the Shire's size, operational complexity and risk environment.

Management Comments

Management will take under consideration as part of enhancement activities.

3. Integrated Planning & Reporting

Finding

The Shire maintains an established Integrated Planning and Reporting (IPR) framework comprising a Strategic Community Plan (2025–2035), Corporate Business Plan (2025–2029), Asset Management documentation and a Long-Term Financial Plan. The Strategic Community Plan and Corporate Business Plan have been recently reviewed and adopted, demonstrating active governance oversight and alignment with statutory requirements.

The Long-Term Financial Plan remains in place and continues to provide long-term financial projections; however, a comprehensive refresh to ensure full alignment with the updated Strategic Community Plan and Corporate Business Plan is currently in progress. Workforce planning documentation is also being progressed in conjunction with this review.

While the core IPR framework is established and functioning, formal documentation evidencing cyclical review and consolidated alignment across all informing strategies would strengthen assurance over ongoing integration and currency.

This does not represent non-compliance with legislative requirements. The Shire's IPR framework is operating appropriately; however, structured documentation of review cycles and alignment would enhance governance transparency and maturity.

Recommendation

It is recommended that management complete and formally adopt the updated Long-Term Financial Plan and associated informing strategies to ensure alignment with the 2025–2035 Strategic Community Plan and 2025–2029 Corporate Business Plan.

In addition, consideration should be given to maintaining a documented IPR review schedule outlining:

- Adoption and review dates
- Next scheduled review cycles
- Responsible officers
- Alignment checkpoints between strategic, financial and asset planning documents

These measures will strengthen evidentiary assurance and support ongoing compliance with Integrated Planning and Reporting requirements while remaining proportionate to the Shire's size and governance structure.

Management Comments

Management will take under consideration as part of enhancement activities.

4. Fraud & Corruption Controls

Finding

The Shire maintains baseline controls that support ethical conduct and the management of fraud and corruption risks. These include documented Codes of Conduct, Public Interest Disclosure (PID) procedures, financial management policies, internal control frameworks and defined reporting pathways. These elements collectively provide mechanisms for prevention, detection and reporting of suspected misconduct.

Fraud risk is recognised within the broader risk management and internal control environment; however, a standalone Fraud and Corruption Control Plan consolidating prevention, detection, response and monitoring activities was not identified. In addition, while integrity reporting mechanisms are documented, evidence of structured periodic fraud awareness or refresher communication for staff and elected members was limited.

This does not represent a control deficiency under Regulation 17. The Shire's baseline integrity and reporting controls are operating; however, formal consolidation and periodic awareness initiatives would strengthen clarity and evidentiary assurance.

Recommendation

It is recommended that management develop or formally document a Fraud and Corruption Control Plan proportionate to the Shire's size and risk profile, aligned with relevant guidance and existing governance frameworks.

The plan should consolidate:

- Fraud risk identification and ownership
- Prevention and detection controls
- Reporting and investigation pathways
- Monitoring and review mechanisms

In addition, consideration should be given to periodic staff and elected member communication or induction-based training to reinforce fraud awareness and reporting obligations.

These measures would enhance governance maturity and transparency while remaining proportionate to the Shire's operational scale.

Management Comments

Management will take under consideration as part of enhancement activities.

5. Policy Framework

Finding

The Shire maintains an established and largely current suite of governance, financial, operational and regulatory policies. Evidence of review and update is demonstrated through Council agendas and minutes, with numerous policies reviewed during recent governance cycles. Policies include defined ownership, approval authority and review provisions, supporting internal control and legislative compliance under Regulation 17.

While policy review activity is occurring in practice, oversight of policy currency appears to be managed through distributed monitoring via Council processes rather than through a centralised policy register or consolidated review schedule. A single documented mechanism confirming adoption dates, review frequency and responsible officers was not identified.

This does not represent a control deficiency, as policies are demonstrably reviewed and maintained. However, introduction of a consolidated tracking mechanism would enhance transparency, coordination and evidentiary assurance.

Recommendation

It is recommended that management introduce a centralised policy register documenting:

- Policy title and responsible officer
- Date of adoption and last review
- Scheduled review frequency
- Next review due date

Consideration should also be given to integrating the register into the Governance and Risk Calendar and reporting an annual summary of policy review activity to the Audit, Risk and Improvement Committee.

These enhancements would strengthen oversight and documentation of policy currency while remaining proportionate to the Shire's size and governance structure.

Management Comments

Management will take under consideration as part of enhancement activities.

6. Regular Risk Reports

Finding

The Shire maintains strategic and operational risk registers and risk matters are referenced within Audit, Risk and Improvement Committee and Council reporting processes. Risk considerations are embedded across governance activities, including compliance reporting, insurance oversight and operational management updates.

However, risk information is currently communicated through multiple governance channels rather than through a structured, periodic consolidated risk report. A single summary document presenting key risks, movements in ratings and treatment status was not identified within the review period.

While risk oversight is occurring in practice, the absence of a consolidated periodic report limits the visibility of enterprise-wide risk trends and reduces the evidentiary trail demonstrating systematic monitoring at a governance level.

This does not represent a deficiency under Regulation 17, as risk management systems are functioning and risks are being monitored. It represents a governance enhancement opportunity to improve structured oversight and transparency.

Recommendation

It is recommended that management introduce a light-touch periodic consolidated risk summary report (for example, annually or biannually) to the Audit, Risk and Improvement Committee.

The summary could include:

- Key strategic and operational risks
- Changes in risk ratings since the previous reporting period
- Status of significant treatment actions
- Emerging or newly identified risks

This enhancement would strengthen governance visibility and support continuous improvement, while remaining proportionate to the Shire's size and operational complexity.

Management Comments

Management will take under consideration as part of enhancement activities.

7. Audit Advisory Committee Performance

Finding

The Audit, Risk and Improvement Committee is established and operating in accordance with Regulation 16 of the Local Government (Audit) Regulations 1996. Meeting minutes and status reports demonstrate that the Committee is reviewing financial management matters, audit findings, compliance reporting and risk-related issues. Issue tracking mechanisms are in place and substantive matters are being monitored through governance processes.

While the Committee is functioning effectively and providing appropriate oversight, evidence of a formal periodic self-assessment of its performance and effectiveness was not identified. Such an assessment is not a legislative requirement; however, it is recognised as better practice in supporting governance maturity and continuous improvement.

This does not represent a compliance deficiency. The Committee is meeting its prescribed functions under Audit Regulation 16. A structured self-assessment would enhance transparency and strengthen documented assurance.

Recommendation

It is recommended that the Audit, Risk and Improvement Committee consider undertaking a light-touch self-assessment of its performance and effectiveness every two to three years.

The self-assessment could include consideration of:

- Clarity of the Committee's role and responsibilities
- Meeting frequency and agenda alignment with key assurance milestones
- Effectiveness of issue tracking and follow-up
- Skills, composition and succession planning

Retaining documented evidence of any self-assessment undertaken would support continuous improvement and strengthen future Regulation 17 assurance.

Management Comments

Management will take under consideration as part of enhancement activities.

Previous Regulation 17 Review

As part of this review, consideration was given to the findings and improvement opportunities identified in the Shire's previous internally conducted Regulation 17 review. Reviewing prior recommendations provides assurance continuity and supports transparency regarding governance improvements achieved and areas still progressing.

Finding

The Shire previously conducted an internal Regulation 17 review which identified improvement opportunities across areas including Integrated Planning and Reporting (IPR) alignment, policy review cycles, risk reporting formalisation and governance documentation.

A comparison of those earlier matters against current documentation and testing indicates that measurable progress has been achieved. In particular:

- The Strategic Community Plan (2025–2035) and Corporate Business Plan (2025–2029) have been reviewed and adopted, strengthening alignment within the IPR framework.
- Asset Management documentation has been reviewed and updated.
- Policy review activity has been demonstrably undertaken through recent Council governance cycles.
- Audit, Risk and Improvement Committee issue tracking has strengthened, with structured status reporting and follow-up mechanisms now evident.
- Governance resourcing has been reinforced, supporting improved oversight capability.

While substantial progress has been made, certain improvement themes identified in the prior review remain relevant as governance maturity opportunities. These include:

- Formalisation of consolidated risk reporting and structured review cycles.
- Completion and adoption of the refreshed Long Term Financial Plan.
- Strengthening documented ICT disaster recovery testing and assurance.
- Consolidation of fraud and corruption controls into a structured framework with periodic awareness activities.

These matters reflect ongoing governance enhancement rather than unresolved deficiencies. The Shire has demonstrated a commitment to continuous improvement, and the remaining items are proportionate in scope and aligned with progressive governance maturity.

Recommendation

It is recommended that management continue to monitor progress against both prior and current Regulation 17 improvement actions through the Governance and Risk Action Plan, with periodic reporting to the Audit, Risk and Improvement Committee to confirm implementation status and closure of outstanding items.

This structured monitoring approach will support continuous improvement and strengthen evidentiary assurance in future Regulation 17 reviews.

Management Comments

Management will take under consideration as part of enhancement activities.

Overall Summary and Next Steps

Following completion of this Regulation 17 Review and consideration of management comments, the Shire has accepted and prioritised the identified improvement actions across Risk Management, Internal Control, and Legislative Compliance.

Overall, the review found that the Shire maintains sound governance, risk management and internal control frameworks that are appropriate to its size and operational complexity. No material control deficiencies or reportable risk areas were identified. The areas requiring further attention relate to documentation, structured review cycles, and formalisation of reporting mechanisms rather than weaknesses in control design or operation.

The review also confirms that measurable progress has been achieved since the previous internally conducted Regulation 17 review, particularly in updating key Integrated Planning and Reporting documentation, strengthening policy review activity, and reinforcing Audit Advisory Committee oversight processes.

Key themes emerging from the review include:

- Formalising structured review cycles for risk registers, delegations, and informing strategies.
- Enhancing ICT resilience assurance through periodic testing and documentation.
- Consolidating fraud and corruption controls within a proportionate framework and reinforcing awareness mechanisms.
- Introducing light-touch consolidated risk reporting to enhance governance visibility.
- Strengthening coordination of policy review through a centralised tracking mechanism.

The agreed actions arising from management responses will be incorporated into the Shire's Governance and Risk Action Plan and monitored through periodic reporting to the Audit Risk and Improvement Committee. These improvements, once implemented, will further strengthen governance maturity, enhance transparency, and support continued compliance with Regulation 17 of the Local Government (Audit) Regulations 1996.