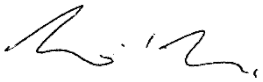
Shire of
Donnybrook Balingup

Minutes of the Audit & Risk Management Committee

Held on 15 December 2025 and commenced at 3:30pm
Held at the Council Chambers in Donnybrook
(1 Bentley Street, Donnybrook)

Authorised: 

Mr Nick O'Connor, Chief Executive Officer

Prepared: 16 December 2025

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1. Declaration of Opening / Announcement of Visitors

Acknowledgement of Country:

The Chairperson acknowledged the continuing connection of Aboriginal people to Country, culture and community, including traditional custodians of this land, the Wardandi and Kaneang People of the Noongar Nation, paying respects to Elders, past and present.

The Chairperson declared the meeting open at 3:30pm and welcomed the public gallery at 3:30pm.

2. Attendance

Members Present:

Cr Vivienne MacCarthy
Cr Tyler Hall
Mr Angelo Loguidice, External Member

Staff Present:

Nick O'Connor, Chief Executive Officer
Ross Marshall, Director Operations (Teams)
Meta Hazeldine, Manager Financial Services
Colin Young, Director Finance and Community
Loren Clifford, Executive Manager Corporate
James (Jimmy) Harcourt, WHS Officer

Other Members Present:

Public Gallery: No members of the public were in attendance.

2.1. Apologies

Mr Ian Telfer, External Member

2.2. Approved Leave of Absence

Nil.

2.3. Application for Leave of Absence

Nil.

3. Announcements from the Chairperson

Nil.

4. Declarations of Interest

Division 6: Sub-Division 1 of the *Local Government Act 1995*. Care should be taken by all Councillors to ensure that a financial/impartiality interest is declared and that they refrain from voting on any matter, which is considered to come within the ambit of the Act.

Nil.

5. Public Question Time

5.1. Responses to previous public questions that were taken on notice

Nil.

5.2. Public Question Time

Nil.

6. Presentations

6.1. Strategic Work Health and Safety Plan and Notifiable Incident

James Harcourt, WHS Officer provided a presentation on the recently endorsed Strategic Work Health and Safety Plan (Attachment 6.1(1)) and provided an overview of a recent notifiable incident reported to WorkSafe on 13 November 2025.

7. Confirmation of Minutes

7.1. Audit and Risk Management Committee Meeting held on 31 July 2025

Minutes of the Audit and Risk Management Committee Meeting held 31 July 2025 are attached as Attachment 7.1(1). At the Ordinary Council Meeting held on 27 August 2025, Council resolved to receive the minutes and adopt the recommendations as detailed in the 31 July Audit and Risk Management Committee minutes. It is noted that, prior to presentation at the Council meeting, the Audit and Risk Management Committee members confirmed the accuracy of the minutes via a flying minute process conducted by email.

8. Reports of Officers

8.1. Director Finance and Community

8.1.1. 2024/2025 Annual Financial Statements, Audit Report (Opinion) and Management Letter

Report Details:

Prepared by: Executive Manager Corporate, Loren Clifford

Manager: Chief Executive Officer, Nick O'Connor

File Reference: FNC 02A **Voting Requirement:** Simple Majority

Attachment(s):

8.1.1(1) AOG's Signed 2024/2025 Annual Financial Report and Audit's Report (Opinion).

Executive Recommendation

That the Audit and Risk Management Committee:

1. **Receives and endorses the 2024/2025 Annual Financial Statements including Auditors Report (Opinion)** (Attachment 8.1.1(1)) **for Council's receipt; and**
2. **Notes that a report on significant findings in accordance with Section 7.12A(4) of the *Local Government Act 1995*, for the year ending 30 June 2025, is not required.**

Strategic Alignment

The following outcomes from the Council Plan relate to this proposal:

Outcome: 12 - A well respected, professionally run organisation.

Objective: 12.1 - Deliver effective and efficient operations and service provision.

Item: Nil.

Executive Summary

AMD, on behalf of the Office of the Auditor General (OAG), completed the Shire's Interim Audit in May 2025 and the final audit in October 2025 for the year ending 30 June 2025. The signed Independent Auditor's Report (Opinion), along with the 2024/2025 Annual Financial Statements (Attachment 8.1.1(1)), was received from the OAG on 10 November 2025.

In accordance with its Terms of Reference, it is requested that the Audit and Risk Management Committee reviews and receives the 2024/2025 Annual Financial Statements, Auditor's Report (Opinion), and Management Letter. Where appropriate, the committee should make recommendations regarding these documents and endorse them for Council's receipt. In addition, the committee is requested to confirm that it has met with the auditor, as required by Section 7.12A(2) of the *Local Government Act 1995*.

Background

In May 2025, AMD Charted Accountants, on behalf of the Office of the Auditor General (OAG), conducted the Interim Audit for the year ending 30 June 2025. The final audit commenced in October 2025, with Shire officers uploading requested documents to the online portal. The Auditors were on-site from 28-30 October 2025.

Pursuant to Section 7.9 of the *Local Government Act 1995*, the Auditor is required to examine the accounts and annual financial report submitted by a local government and prepare a report by December 31 following the financial year. This report must be forwarded to:

a. The Mayor or President,
b. The Chief Executive Officer, and
c. The Minister.

The signed and stamped 2024/2025 Annual Financial Statements, Auditor's Report (Opinion), was received on 10 December 2025 for the local government's examination.

In accordance with Regulation 10(4) of the *Local Government (Audit) Regulations 1996*, the Auditor may also prepare a Management Letter to accompany the Independent Auditor's Report, which is forwarded to the persons specified in Section 7.9 of the Act above. The Management Letter provides an overview of the audit process and outcomes, identifying any matters relevant to the Shire's day-to-day operations. These areas of improvement have been listed under the Officers Comment below.

Pursuant to Section 7.12A(2) of the *Local Government Act 1995*, a local government is required to meet with its auditor annually. The Audit Exit meeting was held on 8 December 2025, with the OAG's Director Financial Audit and AMD's Director leading the meeting. The Audit and Risk Management Committee, CEO, and relevant officers, including all Elected Members were invited to attend. At this meeting, the OAG outlined the audit process, provided an overview of the draft Auditor's Report (Opinion) discussing areas of improvement and management comments, allowing for questions from attendees. This requirement has been met due to the meeting taking place.

The OAG has since provided their signed Auditor's Report (Opinion), which is now presented for receipt.

Risk Management

Risk:	Likelihood:	Consequence:	Risk Rating:
Compliance	Unlikely	Moderate	Moderate (6)
Risk Description:	Non-compliance with the *Local Government Act 1995* and associated regulations.		
Mitigation:	Adhering to statutory requirements, such as meeting with the auditor and endorsing the financial statements, ensures compliance.		

Risk:	Likelihood:	Consequence:	Risk Rating:
Financial Impact	Unlikely	Moderate	Moderate (6)
Risk Description:	Inaccurate financial statements could lead to financial mismanagement or undetected fraud.		
Mitigation:	The audit process, including the review and endorsement of the financial statements and auditor's report, ensures accuracy and transparency.		

Financial Implications

Nil.

Policy Compliance

Nil.

Statutory Compliance

Local Government Act 1995 - Section 7.9 and Section 7.12A.
Local Government (Financial Management) Regulations 1996.
Local Government (Audit) Regulations 1996 – Regulation 16

Consultation

The audited financial statements must be included in the Shire's Annual Report. This report will be made available to the public after it is reviewed by the Council in December 2025.

Officer Comment

The audit process for the year ending 30 June 2025 was thorough and involved multiple stages, including an Interim Audit in May and a final audit in October. The collaboration between Shire officers and the auditors ensured that all necessary documents were provided in a timely manner.
The Audit Exit meeting on 8 December 2025, was a key component in fulfilling the statutory requirement to meet with the auditor annually. The presence of the OAG's Director Financial Audit and AMD's Director provided valuable insights into the audit process and allowed for a comprehensive discussion with the Audit and Risk Management Committee and other attendees.

The receipt of the signed and stamped 2024/2025 Annual Financial Statements, Auditor's Report (Opinion), marks the completion of the audit process. This documents are now presented for the committee's review and subsequent endorsement by the Council.

No Management Letter was received for the endo of financial year audit, due to no findings being raised.

The Shire has received an unqualified audit opinion, which means that the auditors found the financial statements to be free of material misstatements and in accordance with the applicable financial reporting framework. Therefor it should be noted that a report on significant findings in accordance with Section 7.12A(4) of the *Local Government Act 1995*, for the year ending 30 June 2025, is not required. This is a positive outcome, indicating that the Shire's financial records are accurate and reliable.

COMMITTEE RESOLUTION:	ARM17/12-25		
MOVED BY:	Angelo Logiudice	**SECONDED BY:**	Cr Tyler Hall

That the Audit and Risk Management Committee:

1. **Receives and endorses the 2024/2025 Annual Financial Statements including Auditors Report (Opinion)** (Attachment 8.1.1(1)) **for Council's receipt; and**
2. **Notes that a report on significant findings in accordance with Section 7.12A(4) of the *Local Government Act 1995*, for the year ending 30 June 2025, is not required.**

For: Cr Vivienne MacCarthy, Cr Tyler Hall, Mr Angelo Logiudice
Against: Nil.
Carried: 3/0

8.1.2 Audit Findings Progress

Report Details:

Prepared by: Loren Clifford, Acting Director Finance and Corporate

Manager: Nick O'Connor, Chief Executive Officer

File Reference: FNC 02A **Voting Requirement:** Simple Majority

Attachment(s):

Nil.

Executive Recommendation

That the Audit and Risk Management Committee notes the update provided on Audit Findings as outlined in this report.

Strategic Alignment

The following outcomes from the Council Plan relate to this proposal:

Outcome: 11 - Strong, visionary leadership.

Objective: 11.1 - Provide strategically focused, open and accountable governance.

Item: Nil.

Executive Summary

It is requested that the Audit and Risk Management Committee (ARMC) notes the latest update provided on the Audit Findings outlined in this report.

Background

Under the *Local Government Act 1995* and associated regulations, the Shire is required to undertake several types of audits to ensure accountability and transparency. These Audit's consist of:

1. Financial Audits – The Shire must have their financial statements audited annually. This is mandated under Section 7.9 of the *Local Government Act 1995*.
2. Financial Management Review - is governed by Regulation 5(2) of the *Local Government (Financial Management) Regulations 1996*. This regulation requires the CEO to regularly review the appropriateness and effectiveness of the financial management systems and procedures of the local government, with a minimum frequency of once every three financial years.
3. Compliance Audits – The Shire must complete a compliance audit return (CAR) annually, which is reviewed by the ARMC, and Council then submitted to the Department of Local Government, Sport and Cultural Industries. This requirement is outlined in Regulation 14 of the *Local Government (Audit) Regulations 1996*.
4. Audit Regulation 17 Review - is a requirement under the *Local Government (Audit) Regulations 1996*. It requires the Chief Executive Officer (CEO) of a local government to review the appropriateness and effectiveness of the local government's systems and procedures in relation to:

- Risk Management
- Internal Control
- Legislative Compliance

5. Internal Audits - While not explicitly mandated, internal audits are recommended as part of good governance practices. They help the Shire identify and mitigate risks proactively.

Regular reporting on progress and actions taken in response to audit findings to the Audit and Risk Management Committee should be undertaken to ensure transparency and accountability, demonstrating a commitment to addressing identified issues and improving governance.

Risk Management

Risk:	Likelihood:	Consequence:	Risk Rating:
Compliance	Likely	Minor	Moderate (8)
Risk Description:	Not reporting updates on audit findings to the audit committee on a regular basis can lead to a lack of oversight, delayed corrective actions, and potential non-compliance with regulatory requirements.		
Mitigation:	Establish a reporting schedule and process as outlined in this report.		

Financial Implications

Nil.

Policy Compliance

Nil.

Statutory Compliance

Nil.

Consultation

An internal review of the findings by key responsible officers has been undertaken.

Officer Comment

The Financial Management Review (FMR) and the Audit Regulation 17 (Reg 17) Reviews were undertaken in December 2024, the findings from these reviews were presented to the committee at its March 2025 meeting. Subsequently presented in June 2025 to Council. The table below outlines the status/progress made in addressing the 103 findings.

Status	May 2025	October 2025
Completed	28	39
Three-quarters completed	20	26
Half Completed	16	14
Quarter Completed	20	12
Not Started	19	12

Quarterly reporting will continue where there are findings to report, covering the five key audit areas:

1. Financial audits,
2. Financial Management Review,
3. Compliance audit,
4. Audit Regulation 17 Review, and
5. Internal audits.

COMMITTEE RESOLUTION:	ARM18/12-25		
MOVED BY:	Cr Tyler Hall	**SECONDED BY:**	Mr Angelo Loguidice

That the Audit and Risk Management Committee notes the update provided on Audit Findings as outlined in this report.

For: Cr Vivienne MacCarthy, Cr Tyler Hall, Mr Angelo Logiudice
Against: Nil.
Carried: 3/0

8.1.3 Office of the Auditor General's (OAG) Performance Audit – Maintaining Regional Local Roads

Report Details:

Prepared by: Loren Clifford, Acting Director Finance and Corporate

Manager: Nick O'Connor, Chief Executive Officer

File Reference:

Voting Requirement: Simple Majority

Attachment(s):

8.1.3(1) Office of the Auditor General's (OAG) Performance Audit – Maintaining Regional Local Roads

Executive Recommendation

That the Audit and Risk Management Committee:

1. **Notes the information provided in the report presented on the Office of the Auditor General's (OAG) Performance Audit – Maintaining Regional Local Roads, and the Shire's responses to the recommendations within the report.**

Strategic Alignment

The following outcomes from the Council Plan relate to this proposal:

Outcome: 12 - A well respected, professionally run organisation.

Objective: 12.1 - Deliver effective and efficient operations and service provision.

Item: Nil.

Executive Summary

This report presents the findings and recommendations from the OAG's Performance Audit on Maintaining Regional Local Roads, along with the Shire's proposed responses. The audit highlights the critical importance of accurate road condition data, transparent maintenance prioritisation, and collaborative approaches to road asset management. The Shire's responses focus on improving internal processes, data collection, and stakeholder engagement to support evidence-based decision-making and sustainable infrastructure outcomes.

Background

The OAG conducted a Performance Audit to assess how regional local governments manage and maintain their road networks. The audit identified gaps in road condition data, the need for improved asset management planning, and the importance of transparent communication with stakeholders. The Shire, as an audited entity, supports the recommendations and recognises the need for internal improvements and external collaboration.

Officer Comment

Responses have been provided to the recommendations as outlined on page 24 of the OAG's Performance Audit – Maintaining Regional Local Roads below.

OAG's Recommendation 1

To enable an evidence-based road asset maintenance program, LG entities should:

1. ensure road condition data is up to date and used in up-to-date asset management plans and work programs to enhance preventative road maintenance. (Some regional LG entities will need support to achieve this by the implementation timeframe or condition data over local road networks will be built over a longer timeframe.) Valuations performed by local governments to meet financial reporting requirements provide a good opportunity for LG entities to obtain enhanced baseline data.

Implementation timeframe: October 2027

Entity response: Audited LG entities support this recommendation, recognising some regional LG entities would need assistance to implement.

Shires Response:

Maintaining accurate, up-to-date road condition data is essential for integrating this information into asset management plans and work programs. This supports proactive road maintenance and ensures long-term sustainability of our infrastructure.

While asset condition data collected for valuation purposes only needs to meet financial reporting requirements, comprehensive condition data is fundamental for effective road asset management planning. To achieve this, we must first identify existing gaps and determine what additional information is required before engaging external assistance for asset condition data collection.
Before procuring external services to address gaps in asset condition knowledge, it is vital to establish a robust internal structure capable of delivering the required outcomes. The Shire should review existing staff resourcing levels and if required build into its future workforce planning a resource/s to:

- *Identify deficiencies in current asset condition data.*
- *Prioritize areas requiring detailed assessment.*
- *Coordinate with Finance and Works teams to align revaluation cycles with asset management objectives.*

The Shire's next infrastructure asset valuation is scheduled for the 2027/28 financial year.

OAG's Recommendation 2

To enable an evidence-based road asset maintenance program, LG entities should:

2. promote transparency and understanding of maintenance prioritisation decisions with stakeholders, including ratepayers by:
    a. determining and reporting the road condition and maintenance backlog and, as part of moving to better practice, work towards:
    b. defining service level standards for road maintenance in engagement with local communities
    c. reporting on delivery of road maintenance against agreed service levels.

Implementation timeframe: July 2028

Entity response: Audited LG entities support this recommendation, recognising some regional LG entities would need assistance to implement.

Shires Response:
"Without structural changes within the Operations service directorate, there is limited capacity to achieve these outcomes. Current staffing levels and available resources primarily support a reactive approach to asset management rather than a proactive one."

OAG's Recommendation 3
To help LG entities in maintaining local roads, collaboration between LG entities, Main Roads, LGIRS and WALGA should be improved. These entities should:

3. use local road condition data to inform both regional and statewide road strategies to:
   a. support evidence-based decision making to improve road asset management and ensure sustainable infrastructure outcomes for regional road users
   b. review funding via the Local Government Agreement and use of the Asset Preservation Model to ensure it remains fit for purpose and supports sustainable road asset management
   c. include mechanisms to measure progress against goals set for local roads.

Implementation timeframe: July 2028
Entity response: Recommendation supported.

Shires Response:
Recommend the above is noted and support this and the other recommendations being a topic of discussion at a WALGA South West Zone meeting.

COMMITTEE RESOLUTION:	ARM19/12-25		
MOVED BY:	Angelo Logiudice	**SECONDED BY:**	Cr Tyler Hall

That the Audit and Risk Management Committee:

1. **Notes the information provided in the report presented on the Office of the Auditor General's (OAG) Performance Audit – Maintaining Regional Local Roads, and the Shire's responses to the recommendations within the report.**

For: Cr Vivienne MacCarthy, Cr Tyler Hall, Mr Angelo Logiudice
Against: Nil.
Carried: 3/0

8.1.4 Chief Executive Officer Briefing

The Chief Executive Officer provided an update to the Committee on key projects/matters including:

- ICT Strategy Development
- Council Plan Review
- Budget – development of financial informing plans
- Workforce Plan
- Forestry Products Commission – rates exemption

Executive Recommendation

That the Audit and Risk Management Committee Meeting notes the update provided to the Chief Executive Officer.

COMMITTEE RESOLUTION:	ARM20/12-25		
MOVED BY:	Cr Tyler Hall	**SECONDED BY:**	Mr Angelo Loguidice

That the Audit and Risk Management Committee Meeting note the update provided to the Chief Executive Officer.

For: Cr Vivienne MacCarthy, Cr Tyler Hall, Mr Angelo Logiudice
Against: Nil.
Carried:3/0

9. Meetings Closed to the Public

9.1. Matters for which the Meeting may be closed

Nil.

9.2. Public reading of Resolutions that may be made public

Nil.

10. Closure

The Chairperson advised that the next Audit and Risk Management Committee Meeting will be at 3pm, Thursday 5 March 2026 in the Council Chamber and declared the meeting closed at 4:20pm.

These minutes were confirmed as a true and accurate record at the Audit and Risk Management Committee Meeting held 5 March 2026.

Vivienne MacCarthy

President – Shire of Donnybrook Balingup