



Shire of Menzies

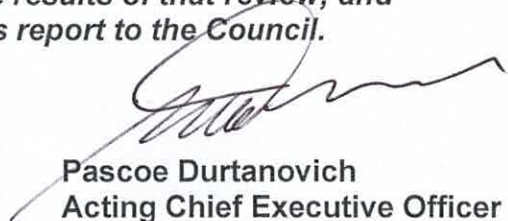
AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING AGENDA

An Audit, Risk and Improvement Committee Meeting will be held in the Council Chambers, 124 Shenton Street, Menzies on Wednesday, 9 September 2026 commencing at 9.30am.

SECTION 7.1A LGA 1995

Committee Brief:

1. *Provide guidance and assistance to the local government-*
 - a) *as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and*
 - b) *as to the development of a process to be used to select and appoint a person to be an auditor; and*
2. *May provide guidance and assistance to the local government as to-*
 - a) *matters to be audited; and*
 - b) *the scope of audits; and*
 - c) *its functions under Part 6 of the Act; and*
 - d) *the carrying out of its functions relating to other audits and other matters related to financial management; and*
3. *Is to review a report given to it by the CEO under Regulation 17(3) (the CEO's report) and is to-*
 - a) *report to the Council the results of that review; and*
 - b) *give a copy of the CEO's report to the Council.*



Pascoe Durtanovich
Acting Chief Executive Officer

Committee Members:

Ms Michele Bennetts, Mr Duy Vo, Cr S Wessely, Cr P Warner and Cr J Dwyer
(Council Resolutions- 140/25 and 157/25)

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1 DECLARATION OF OPENING

The Presiding Member declared the meeting open at _____ am.

2 ANNOUNCEMENT OF VISITORS

Nil

3 RECORD OF ATTENDANCE

Councillors: Cr P Warner
Cr J Dwyer

Independent Member: Ms Michele Bennetts, Presiding Member

Staff: Mr P Durtanovich, Acting Chief Executive Officer
Ms T Tran, Acting Deputy CEO
Ms M Yulo-Uy, Executive Officer (Minutes)

Cr S Wessely – on approved leave from 19 July 2026 to 19 October 2026 (Council Resolution 091/26)

4 DISCLOSURES OF INTEREST

5 CONFIRMATION OF MINUTES

OFFICER RECOMMENDATION

That the Minutes of the Audit and Risk Committee Meeting held on 26 June 2025 be confirmed as a true and correct record.

COMMITTEE DECISION:

Committee Resolution Number	
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Moved		Seconded	
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Carried	
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6 REPORTS OF OFFICERS

6.1	Compliance Audit Return 2025
LOCATION	Not applicable
APPLICANT	Internal
DOCUMENT REF	IAM1712
DATE OF REPORT	26 August 2026
AUTHOR	Deputy Acting CEO, Tien Tran
RESPONSIBLE OFFICER	Acting CEO, Pascoe Durtanovich
DISCLOSURE OF INTEREST	Nil
ATTACHMENT	1. 2025 Compliance Audit Return - Shire of Menzies [6.1.1 - 17 pages]

SUMMARY:

The Shire is required to complete a compliance audit for the period 1 January to 31 December 2025. The Chief Executive Officer must prepare the compliance audit return and provide it to the Audit, Risk and Improvement Committee (ARIC) for review. The ARIC must report the results of its review, and any recommendations it considers appropriate, to Council before Council considers and adopts the return. Transitional regulation 20 requires the information for the 2025 return to be provided to the Local Government Inspector no later than 30 September 2026, unless that deadline is extended by the Inspector.

BACKGROUND:

Moore Australia prepared a limited desktop review to assist the Shire with the 2025 Compliance Audit Return. The review was based on the supplied CAR working paper, management comments and referenced records. It was not an audit or assurance engagement and did not independently re-test every underlying document or transaction.

- On-site and remote meetings with the Shire.
- CAR working paper and management comments
- Council and committee minutes
- Delegations, financial interests, gifts and tender registers
- Policies, notices, plans and tender documentation
- Annual Report 2024-2025 and the Financial Management Review
- The Shire's official website and current Western Australian legislation

COMMENT:

The final summary records three matters as non-compliant.

For question 59, the records reviewed did not clearly demonstrate that a complete regulation 17 review had been completed within the required three-year period. The Shire should schedule and document the review, record its scope and Council acceptance date, and monitor the recurring due date.

For question 77, the 2025 Financial Management Review and Shire comments noted a small number of purchasing policy exceptions. Recommended actions are to use a concise Policy 4.2 checklist, raise purchase orders before invoices where practicable, maintain a shared contract and service register, and spot-check a small sample each quarter.

For question 81, an instance of non-compliance was identified in relation to the tender opening process where a second authorised person was not present. Staff have been reminded of the legislative requirements for tender opening to ensure future compliance.

CONSULTATION:

Moore Australia and Shire management.

STATUTORY AUTHORITY:

The *Local Government (Audit) Regulations 1996*, as amended from 1 January 2026, apply to the 2025 compliance audit through transitional regulation 20.

- Regulation 13 prescribes the statutory requirements covered by the compliance audit.
- Regulation 14(1) requires a compliance audit for each calendar year. Under regulation 14(2), the CEO must prepare the return in the form approved by the Inspector and provide a copy to the ARIC.
- Regulation 14(3) and (4) require the ARIC to review the return, report the results to Council and make any recommendations it considers appropriate.
- Regulation 14(5) and (6) require Council to consider the return and the ARIC's review, determine whether action is required, and adopt the return or adopt it subject to amendments proposed by Council.
- Regulation 15 requires the adopted return to be signed by the Shire President and CEO and provided to the Inspector with the ARIC's recommendations, the relevant Council minutes and any explanatory or qualifying information.
- Regulation 20 sets a special deadline of 30 September 2026 for the information relating to the 2025 compliance audit, unless the Inspector grants an extension.

Section 7.13(i) of the Local Government Act 1995 authorises regulations prescribing the statutory requirements for compliance audits.

POLICY IMPLICATIONS:

No specific policy implications were identified in the supplied CAR materials. Implementation of the recommended actions may require updates to administrative procedures, checklists and compliance calendars.

FINANCIAL IMPLICATIONS:

No specific financial implications were quantified in the supplied materials. Any costs associated with remedial actions should be considered through the Shire's normal budgeting and procurement processes.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
Failure to finalise accurate CAR responses, address identified non-compliance and meet the statutory submission requirements may expose the Shire to legislative compliance and governance risk.	The perceived level of risk is medium prior to treatment.	Complete and monitor the regulation 17 review, strengthen purchasing controls, reinforce legislative requirements for tender opening procedures and submit the adopted return and supporting information by the applicable deadline.

STRATEGIC IMPLICATIONS:

The Shire's Council Plan 2025-2035 outlines the following outcomes and strategies:

- 7. A strategically focused Council, leading our community.
 - 7.1 Provide strategic leadership and governance.
- 8. An efficient and effective organisation.
 - 8.1 Maintain a high level of corporate governance, responsibility and accountability.

Accordingly, the officer's recommendation aligns with the Shire's Council Plan.

VOTING REQUIREMENTS:

Simple Majority

COMMITTEE RECOMMENDATION:

That it be a recommendation to the Council:

That:

1. The completed 2025 Compliance Audit Return, as attached, for certification by the Shire President and the Chief Executive Officer in accordance with Regulation 15(1) of the Local Government (Audit) Regulations 1996 be adopted.
2. The Chief Executive Officer be requested to submit the certified 2025 Compliance Audit Return to the Local Government Inspector by 30 September 2026, unless an extension is granted, in accordance with the Local Government (Audit) Regulations 1996.
3. The Chief Executive Officer be authorised to make any necessary minor typographical and formatting changes to the certified 2025 Compliance Audit Return prior to submission.

COMMITTEE DECISION:

Committee Resolution Number	
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Moved		Seconded	
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Carried	
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6.2	Risk Management Updates February 2026
LOCATION	Not Applicable
APPLICANT	Internal
DOCUMENT REF	IE20077
DATE OF REPORT	26 August 2026
AUTHOR	Acting Deputy CEO, Tien Tran
RESPONSIBLE OFFICER	Acting Chief Executive Officer, Rob Stewart
OFFICER DISCLOSURE OF INTEREST	Nil
ATTACHMENT	1. CONFIDENTIAL - Risk Updates Summary February 2026 [6.2.1 - 2 pages] 2. CONFIDENTIAL - Risk Profiles February 2026 [6.2.2 - 6 pages] 3. CONFIDENTIAL - Risk Register February 2026 [6.2.3 - 3 pages]

SUMMARY:

To present the summary of organisational risk management activities from December 2025 to February 2026.

BACKGROUND:

The Shire of Menzies have previously utilised external consultants for compliance and governance services, including risk management support services. Moore Australia (WA) have been engaged to provide compliance and risk management support services during 2025/26.

The Shire's Risk Management Strategy, as previously reviewed by the Audit and Risk Committee, and the Shire's Risk Management Policy (previously adopted by Council) align to AS/NZS ISO 31000:2018 Risk Management Guidelines. The Risk Management Strategy is prepared utilising the Principles, Framework and Process as defined within the standard, considers the context of the Shire and conforms to the requirements of the standard by providing the necessary guidance and direction to be followed by the Shire in its risk management activities, aligned to the risk management policy.

The guidance and direction within the Risk Management Strategy includes the assessment, prioritisation and communication of risk. This includes the reporting of risks through the Audit and Risk Committee. The reporting of risk management activities historically occurred through 'dashboard reports', 'summary reports', which will continue through the Shire's current engagement with Moore Australia.

These activities continue to form the foundation for risk management activities to be reported and are normally monitored through the Audit, Risk & Improvement Committee.

COMMENT:

A workshop was held onsite with Shire of Menzies staff on 11 February 2026, to review risk profiles, controls, consider emerging or new risks as well as to set out upcoming planned control assurance activities. Following this workshop, updates to the risk profiles were made, and the risk register populated with updated information to be reported to the Audit, Risk & Improvement Committee.

The scheduled Audit, Risk and Improvement Committee (ARIC) meetings have been deferred following appointment of independent members (including new Presiding Member) until scheduling can be arranged. As there isn't a scheduled ARIC Meeting to consider these reports, this information is instead provided for Council noting.

This report provides a summary of the changes to the risk profiles and risk register following the workshop and enables analysis of what has changed for the organisation, and whether these changes result in new or emerging risks against each risk profile. This subsequently allows for the risk register to be updated, and to summarise new risks or changes to existing risks for information and consideration. The risk summary report highlighting risk changes identified against each profile, including actions and treatments in place for high level risks has been circulated separately.

A simplified dashboard report (previously workshopped with the Shire) is prepared for information to summarise the current number of reportable risks, unaddressed high-level risks, total new risks etc. The table below highlights the progress risk movements this quarter.

Risk Category	No. of High or Extreme Rated Risks Identified	No. of High or Extreme Rated Risks after Treatment	No. of New Risks Identified (February 2026)	No. of Risks Closed (February 2026)
Performance	3	1	0	0
Environmental	2	2	0	0
Reputational Damage	2	2	0	0
Financial	4	1	0	0
Legislative / Regulatory / Policy/ Occupational Safety and Health	5	3	0	0
Service Delivery / Business Interruption	4	3	0	0

The actions identified through the risk workshop and assessment of the controls and treatments in place for identified risks outlines the progress the Shire has made to address the risks identified.

Further updates to risk profiles, actions and treatments for the next reporting period will be considered by the management team throughout 2025/26. This includes any new

and/or emerging risks noted during the most recent risk workshop/site visit. These reports will be updated for the next meeting for committee information.

The supporting documents are not circulated with agenda documents, as they include the controls to be implemented / actioned by the Shire in an effort to reduce risk levels. Publication of such information may adversely impact on risk management activities.

CONSULTATION:

Moore Australia (Consultants)
Executive Leadership Team

STATUTORY AUTHORITY:

Regulation 17.1 of the *Local Government (Audit) Regulations 1996* requires the CEO to monitor the appropriateness and effectiveness of systems and procedures in regard to risk management, internal control and legislative compliance.

POLICY IMPLICATIONS:

The Risk Management Policy outlines the Shire's commitment and approach to managing risks impacting on day-to-day operations and the delivery of strategic objectives.

FINANCIAL IMPLICATIONS:

Provision is included in the 2025-26 adopted budget for Moore Australia to deliver compliance and governance services, including risk management support.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
This item has been evaluated against the Shire of Menzies' Risk Management Strategy, Risk Assessment Matrix.	The perceived level of risk is high prior to treatment.	The progression of risk management activities aligned with the Risk Management Strategy may reduce the risk to low.

STRATEGIC IMPLICATIONS:

One of Council's responsibilities in risk management is to be satisfied risks are identified, managed and controlled appropriately, to achieve the Shire's strategic objectives, as well as to support the allocation of funds and resources to treat risks as required.

The Chief Executive Officer and senior staff play a key role in the establishment and development of an effective risk management framework. To ensure the successful delivery of the strategic planning objectives, the strategy requires ongoing monitoring and revision for alignment to the Plan for the Future.

Monitoring of identified strategic high level risks and treatment solutions to ensure the community receives the services delivered effectively as outlined within the Plan for the Future forms part of the Shire's risk management activities.

Monitoring and review activities will continue to provide evidence of the appropriateness and effectiveness of systems and procedures in regard to risk management, internal control and legislative compliance, as required by the *Local Government (Audit) Regulations 1996*. The Risk Management Strategy also provides direction for the implementation of risk management activities.

The Shire's Council Plan 2025-2035 outlines the following Outcome and Strategy:

7. A strategically focused Council, leading our community.

7.1 Provide strategic leadership and governance.

8. An efficient and effective organisation.

8.1 Maintain a high level of corporate governance, responsibility and accountability.

Accordingly, the officer's recommendation aligns with the Shire's Council Plan.

VOTING REQUIREMENTS:

Simple Majority

COMMITTEE RECOMMENDATION:

That it be a recommendation to the Council:

That the summary of updates to the risk profiles, the risk register up to February 2026, and the above report updating risk management activities undertaken to date be noted.

COUNCIL DECISION:

Council Resolution Number	
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Moved		Seconded	
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Carried	
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7 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

8 NEW BUSINESS OF AN URGENT NATURE

Nil

9 NEXT MEETING

The next meeting of the Audit, Risk and Improvement Committee will be held on _____ at the Council Chambers in Menzies commencing at _____.

10 CLOSURE OF MEETING

The Presiding Member declared the meeting closed at _____.