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, 25 November 2026 commencing at 11am.

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.*

Anita Nathan (Anitha Varadaraj)
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

Mr A Kabra – Partner, Audit & Assurance, RSM Australia
Mr J Ong – Assistant Manager, Audit & Assurance, RSM Australia
Ms P Perumal – Office of the Auditor General

3 RECORD OF ATTENDANCE

Councillors:	Cr P Warner
	Cr J Dwyer
	Cr S Wessely
Independent Member:	Ms Michele Bennetts, Presiding Member
Staff:	Ms A Nathan (Varadaraj), Chief Executive Officer
	Ms T Tran, Acting Deputy CEO
	Ms M Yulo-Uy, Executive Officer (Minutes)

4 DISCLOSURES OF INTEREST

5 CONFIRMATION OF MINUTES

OFFICER RECOMMENDATION

That the Minutes of the Audit, Risk and Improvement Committee Meeting held on 9 September 2026 be confirmed as a true and correct record.

COMMITTEE DECISION:

Council Resolution Number	

Moved		**Seconded**	

Carried	

6 REPORTS OF OFFICERS

6.1	Annual Financial Report 2025/2026 - Audit Exit Meeting
LOCATION	**Not applicable**
APPLICANT	**Internal**
DOCUMENT REF	**Not Applicable**
DATE OF REPORT	**16 November 2026**
AUTHOR	**Acting Deputy CEO, Tien Tran**
RESPONSIBLE OFFICER	**Chief Executive Officer, Anita Nathan**
DISCLOSURE OF INTEREST	**Nil**
ATTACHMENT	1. Draft Annual Financial Report 2025/26 [**6.1.1** - 34 pages]

SUMMARY:

To present the draft Annual Financial Report 2025/2026 for the year ended 30 June 2026, the draft Management Representation Letter and the Auditor's Closing Report.

BACKGROUND:

Under section 6.4 of the *Local Government Act 1995*, the Shire must prepare an annual financial report and, by 30 September following the financial year, submit it to its auditor.

Section 7.12AB requires the auditor to audit the accounts and annual financial report at least once for each financial year. The Office of the Auditor General (OAG) appoints the Shire's auditor; for this audit the OAG's contract auditor is RSM Australia.

RSM Australia attended the Shire for the interim audit in June 2026 and the final audit in October 2026. The audit enables the auditor to form an independent opinion on whether the financial report presents fairly the Shire's financial position and performance in accordance with the Australian Accounting Standards and relevant regulations.

COMMENT:

At this meeting, RSM Australia will present the results of the 2025/2026 audit.

The auditors have advised that, if the meeting results in no changes, management signs the financial report and representation letter, RSM Australia forwards its deliverables to the OAG within 24 hours, and the OAG issues the audit report and a stamped financial report to the Shire within three working days. The audit report under section 7.12AD is therefore received after the exit meeting.

Upon completion of the audit process and finalisation of all required documentation, the Audited Financial Report will be incorporated into the Shire's Annual Report. The completed Annual Report, inclusive of the final Audited Financial Report, will then be presented at the Annual Electors' Meeting within 56 days of Council accepting it by absolute majority, which must occur by 31 December 2026.

CONSULTATION:

No external consultation occurred during the preparation of this report.

STATUTORY AUTHORITY:

Local Government Act 1995

- Sections 5.53 to 5.55A: the Annual Report must include the financial report and auditor's report, be accepted by absolute majority by 31 December, and be advertised and published on the Shire's website.
- Section 6.4: the Shire prepares its annual financial report and submits it, with its accounts, to the auditor by 30 September.
- Section 7.12A: the Shire must assist the auditor, meet with the auditor at least once a year, examine the audit report and act on the matters it raises.
- Sections 7.12AB to 7.12AD: the auditor must audit the accounts and annual financial report each year and give a signed report to the President, CEO and Minister.

Local Government (Financial Management) Regulations 1996

- Regulations 5A and 36 to 48: the annual financial report must comply with the Australian Accounting Standards and contain the prescribed information, such as reserves, rates and borrowings.
- Regulation 51 and Form 1: after the audit, the CEO signs a declaration that the report is prepared from proper accounts and records and is not misleading.

Local Government (Audit) Regulations 1996

- Regulation 10: sets out the matters the auditor's report must address.
- Regulation 16: sets out the functions of the audit, risk and improvement committee, including reviewing audit reports and recommending action to Council.

POLICY IMPLICATIONS:

There are no policy implications resulting from the recommendation of this report.

FINANCIAL IMPLICATIONS:

There are no financial implications resulting from the recommendation of this report. The audit fee is included in the adopted 2026/2027 budget.

RISK ASSESSMENT:

Risk StatementRisk Statement	Level of Risk	Risk Mitigation Strategy
Matters raised in the Auditor's Closing Report are not addressed, or significant matters are not reported to the Minister as required (section 7.12A).	Medium	The ARIC reviews the closing report and management's responses at the exit meeting and monitors implementation of any agreed actions. If significant matters are raised, the CEO prepares the section 7.12A(4) report within 3 months of receiving the audit report.
The audit report is not received until after the exit meeting, so any delay in signing or finalising the financial report could put the Annual Report acceptance deadline of 31 December 2026 (section 5.54) and the electors' meeting timeframe at risk.	Low	Management signs the financial report and representation letter promptly after the meeting.

STRATEGIC IMPLICATIONS:

The Shire of Menzies Council Plan 2025–2035 outlines the following Outcome and Strategy:

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 of Menzies Council Plan.

VOTING REQUIREMENTS:

Simple Majority

OFFICER RECOMMENDATION:

That the Audit, Risk and Improvement Committee:

1. Receive and review the draft Annual Financial Report, the draft Management Representation Letter and the Auditor's Closing Report for the year ended 30 June 2026.
2. Note that, once the audit is finalised, management will sign the management representation letter and the CEO will sign the statement required by regulation 51 of the *Local Government (Financial Management) Regulations 1996* and append it to the Annual Financial Report.
3. Note that the signed Audited Annual Financial Report and the Independent Auditor's Report will be incorporated into the 2025/2026 Annual Report, to be presented to Council for acceptance by absolute majority in accordance with section 5.54 of the *Local Government Act 1995*, and then to the Annual General Meeting of Electors.

COMMITTEE DECISION:

Committee Resolution Number	

Moved		**Seconded**	

Carried	

7 INFORMATION REPORTS

Nil

8 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

9 NEW BUSINESS OF AN URGENT NATURE

Nil

10 NEXT MEETING

The next meeting of the Audit, Risk and Improvement Committee will be held on 18 February 2027 at the Council Chambers in Menzies commencing at 10am.

11 CLOSURE OF MEETING

The Presiding Member declared the meeting closed at _____.