



# **Agenda**

## **Special Meeting Audit & Risk Committee**

**Thursday, 18 December 2025 at 3:00 pm.**

**COUNCIL CHAMBERS, 15 ADAM STREET, NANNUP**

The purpose of the Special meeting is for the Committee to:

1. Confirm the minutes from the Audit and Risk Committee meeting held on 3 December 2025 as a true and correct record, and
2. Receive the Annual Financial Report 2024/2025, Audit Opinion 2024/2025, and Interim Audit Management letter for the year ending 30 June 2025 and determine if a report is required to address any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to those matters.

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## Risk Management:

The Shire of Nannup considers risk management to be an essential management function in its operations. It recognises that the risk management responsibility for managing specific risks lies with the person who has the responsibility for the function, service or activity that gives rise to that risk.

## Assessing Risk:

Shire Nannup Consequence Guide							
Rating Level	Health	Financial	Reputational	Compliance	Service disruption	Assets	Environment
<b>Low</b> (Minor)	First Aid Injury	Less than \$5,000	Unsubstantiated No real impact	Negligible statutory impact	Little disruption	Inconsequential Damage	Contained and minimal
<b>Medium</b> (Moderate)	Lost Time Injury <30 days	\$25,001 to \$100,000	Substantial public embarrassment moderate news profile	Short term but significant regulatory imposts	Temporary interruption and additional resources needed	Localised damage requiring external sources to rectify	Contained reversible impact with external agencies
<b>High (Major – Extreme)</b>	Lost time injury >30 days or a fatality	\$100,001 To \$500,000+	Substantiated prolong public embarrassment with widespread news	Non-Compliance resulting in litigation or criminal charges	Prolonged interruption greater than 1 month+	Excessive damage to complete loss of asset.	Uncontained irreversible impact

Shire Nannup Likelihood Guide			
Level	Rating	Description	Frequency
5	<b>Almost Certain</b>	The event is expected to occur in most circumstances	More than once per year
4	<b>Likely</b>	The event will probably occur in most circumstances	At least once per year
3	<b>Possible</b>	The event should occur sat sometimes	At Least three per year
2	<b>Unlikely</b>	The event could occur at some time	At least once in 10 years
1	<b>Rare</b>	The event may occur in exceptional circumstances	Less than once in 15 years

Shire Nannup Risk Matrix			
Likelihood \ Consequence	Low (1)	Medium (2)	High (3)
5 – Almost Certain	Medium (5)	High (10)	Extreme (15)
4 – Likely	Medium (4)	High (8)	High (12)
3 – Possible	Low (3)	Medium (6)	High (9)
2 – Unlikely	Low (2)	Medium (4)	Medium (6)
1 – Rare	Low (1)	Low (2)	Medium (3)

Shire Nannup Acceptance Criteria Guide			
Rating Level	Description	Criteria	Responsibility
<b>Low</b> (Minor)	<b>Acceptable</b>	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operations Managers and Coordinators
<b>Medium</b> (Moderate)	<b>Attention Required</b>	Risk Acceptable with excellent controls, managed by senior staff subject to regular (1-3 Month) monitoring	Manager Corporate Services/CEO
<b>High (Major – Extreme)</b>	<b>Unacceptable</b>	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level authority and subject to continuous monitoring	CEO and Council

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## **A G E N D A**

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### **1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS/ACKNOWLEDGMENT OF COUNTRY:**

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The Presiding Member is to declare the meeting open and welcome the public gallery.

The Presiding Member to acknowledge the traditional custodians of the land, the Wardandi and Bibbulmun people, paying respects to Elders past, present, and emerging.

### **2. ATTENDANCE/APOLOGIES:**

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#### **2.1 ATTENDANCE**

Presiding Member/Shire President	Timothy Sly
Deputy Shire President	Vicki Hansen
Councillor	Lynette Curtis
Councillor	Patricia Fraser
Councillor	Cheryle Brown
Councillor	Nancy Tang
Councillor	Anthony (Tony) Dean

Chief Executive Officer	David Taylor
Executive Manager Corporate Services	Kim Dolzadelli
Executive Support Officer	Lisa Atkinson
Finance Coordinator	Robin Lorkiewicz

#### **2.2 APOLOGIES**

Nil.

### **3. PUBLIC QUESTION TIME:**

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### **4. MEMBERS ON LEAVE OF ABSENCE AND APPLICATIONS FOR LEAVE OF ABSENCE:**

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#### **4.1 APPROVED LEAVE OF ABSENCE:**

Nil.

#### **4.2 APPLICATION FOR A LEAVE OF ABSENCE:**

Nil.

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**5. CONFIRMATION OF MINUTES:**

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**5.1 Audit and Risk Committee Minutes – 3 December 2025****EXECUTIVE RECOMMENDATION:**

That the minutes from the Audit and Risk Committee meeting held on 3 December 2025 be confirmed as a true and correct record (attachment 5.1).

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**6. ANNOUNCEMENTS FROM PRESIDING MEMBER:**

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**7. DISCLOSURE OF INTEREST:**

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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.

Where a member has disclosed a financial or proximity interest in an item, they must leave the Chamber for consideration of that item.

Where a member has disclosed an impartiality interest in an item, they may remain in the Chamber. The member is required to bring an independent mind to the item and decide impartially on behalf of the Shire of Nannup and its community.

The Shire of Nannup Disclosure of Interest Register is on our website [here](#).

## 8. REPORTS OF OFFICERS:

AGENDA NUMBER & SUBJECT:	8.1 – Annual Financial Statements and Audit Opinion 2024/2025
LOCATION/ADDRESS:	Shire of Nannup
NAME OF APPLICANT:	N/A
FILE REFERENCE:	FNC1
AUTHOR:	Kim Dolzadelli–Executive Manger Corporate Services
REPORTING OFFICER:	Kim Dolzadelli–Executive Manger Corporate Services
DISCLOSURE OF INTEREST:	Nil
DATE OF REPORT:	8 December 2025
PREVIOUS MEETING REFERENCE	Nil
ATTACHMENTS:	8.1.1 - Shire of Nannup Audited Annual Financial Report - 2024/25 8.1.2 - Audit Opinion 2024/25 8.1.3 - Interim Management Letter 2024/25

### BACKGROUND:

The Local Government Act 1995 and the Local Government (Audit) Regulations 1996 stipulate that the Office of the Auditor General (OAG) is to conduct the financial audit of all local governments in Western Australia, noting that approximately 85% of WA local governments annual financial audits are further outsourced by the OAG.

The Audit and Risk Committee (ARC) conducted a formal meeting with the Shire’s external Auditor required in accordance with section 7.12(A)(2) of the local government Act 1995 on Wednesday, 3 December 2025.

During this meeting, the ARC took part in an “Audit Exit” meeting with representatives from the Office of the Auditor General (OAG), the Auditor, and OAG appointed Auditors AMD Chartered Accountants.

Excerpt from Audit and Risk Committee meeting held 3 December 2025:

*“COMMITTEE RESOLUTION 031225.4*

*MOVED: CR HANSEN*

*SECONDED: CR BROWN*

*That the Audit and Risk Committee advises Council that it has completed Audit Exit meeting with the Auditors in accordance with section 7.12(A)(2) of the local government Act 1995, on Wednesday, 3 December 2025.*

*CARRIED*

*TOTAL VOTES FOR: 6*

*Cr Hansen, Cr Curtis, Cr Brown, Cr Fraser, Cr Sly, Cr Tang*

*TOTAL VOTES AGAINST: 0”*

The OAG has completed the Audit of the Annual Financial Report for the year ended 30 June 2025. The Independent Auditor's Opinion was issued on 4 December 2025 and is attached to this item for reference.

No matters were raised in the Audit Report that requires any action to be taken by the local government in accordance with the Local Government Act 1995, Part – 7 Audit.

The Interim Audit Management report is attached to the Agenda with Managements responses included as attachments to this agenda, No Final Audit Management Report was issued by the OAG.

#### **COMMENT:**

The audit opinion for 2024/2025 is unqualified.

#### **Excerpt from OAG Opinion:**

*"I have audited the financial report of the Shire of Nannup (Shire) which comprises:*

- *the statement of financial position as at 30 June 2025, the statement of comprehensive*
- *income, statement of changes in equity, statement of cash flows and statement of financial*
- *activity for the year then ended*
- *notes comprising a summary of material accounting policies and other explanatory*
- *information.*

*In my opinion, the financial report:*

- *is based on proper accounts and records*
- *presents fairly, in all material respects, the results of the operations of the Shire for the year*
- *ended 30 June 2025 and its financial position at the end of that period*
- *is in accordance with the Local Government Act 1995 (the Act) and, to the extent that they*
- *are not inconsistent with the Act, Australian Accounting Standards."*

One moderate and two Minor finding were identified during the Interim Audit.

Given no significant findings have been raised, no report to the Minister is required in accordance with 7.12A(4)(b) of the *Local Government Act 1995*.



**FINDINGS IDENTIFIED DURING THE INTERIM AUDIT:**

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Masterfile validity and accuracy	No		✓		
2. Outdated policy and plan reviews	No			✓	
3. Fuel cards	No			✓	

A full explanation of the findings and management comments can be found in attachment 8.1.3 - Interim Management Letter 2024/25.

**STATUTORY ENVIRONMENT:****Local Government Act 1995****Division 4****7.12A. Duties of local government with respect to audits**

- (1) A local government is to do everything in its power to —
  - (a) assist the auditor of the local government to conduct an audit and carry out the auditor's other duties under this Act in respect of the local government; and
  - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government must—
  - (aa) examine an audit report received by the local government; and
  - (a) determine if any matters raised by the audit report, require action to be taken by the local government; and
  - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government must—
  - (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
  - (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.
- (5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

## Local Government (Audit) Regulations 1996

### Regulation 16.

#### 16. Functions of audit committee

*An audit committee has the following functions —*

- (a) to guide and assist the local government in carrying out —*
  - (i) its functions under Part 6 of the Act; and*
  - (ii) its functions relating to other audits and other matters related to financial management;*
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —*
  - (i) report to the council the results of that review; and*
  - (ii) give a copy of the CEO's report to the council;*
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —*
  - (i) regulation 17(1); and*
  - (ii) the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
- (f) to oversee the implementation of any action that the local government —*
  - (i) is required to take by section 7.12A(3); and*
  - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
  - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
  - (iv) has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.*

#### POLICY IMPLICATIONS:

Nil

#### FINANCIAL IMPLICATIONS:

Nil

#### RISK MANAGEMENT MATRIX:

The Shire, through its adopted Risk Management Framework, has identified a number of risk areas that need to be assessed and where necessary treated, like, but not limited to:

Audit risks	Financial and credit risks
Operational risks	Technological and IT risks
Compliance and regulatory risks	Environmental risks
Legal risks	Strategic risks
Political risks	Sustainability and security risks

Officers have undertaken a Risk Assessment which is shown below:

Risk	Likelihood	Consequence	Risk Rating	Risk Description	Mitigation/Controls
Reputational risk from audit process despite unqualified opinion	2 – Unlikely	Low (1)	Low	Public perception of audit process could lead to reputational impact even when audit opinion is unqualified.	Proactive communication of audit outcome; publish unqualified opinion; ensure transparency in ARC minutes and Council reports.

#### STRATEGIC IMPLICATIONS:

Nil.

#### VOTING REQUIREMENT:

Simple majority.

#### Audit and Risk Committee Recommendation 1:

That Council notes that the Audit and Risk Committee advises Council that it has completed Audit Exit meeting with the Auditors in accordance with section 7.12(A)(2) of the local government Act 1995, on Wednesday, 3 December 2025.

#### Audit and Risk Committee Recommendation 2:

That Council:

1. Receive the Annual Financial Report, Audit Opinion, and Interim Audit Management letter for the year ending 30 June 2025 as attached; and
2. Note that a report on significant findings in accordance with Section 7.12A(4)(b) of the *Local Government Act 1995*, for the year ending 30 June 2025, is not required.

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**12 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN:**

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Nil.

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**13. MEETING MAY BE CLOSED:**

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Nil.

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**14. CLOSURE OF MEETING:**

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**Attachments**

Item	Attachment	Title
5.1	1	Audit and Risk Committee Meeting held on 3 December 2025
8.1.1	1	Shire of Nannup Audited Annual Financial Report - 2024/25
8.1.2	1	Audit Opinion 2024/25
8.1.3	1	Interim Management Letter 2024/25