



# SHIRE OF WOODANILLING



## Audit, Risk and Improvement Committee Meeting Agenda 16 December 2025

*Dear Elected Member*

*The next Audit, Risk and Improvement Committee Meeting of the Shire of Woodanilling will be held on Tuesday 16 December 2025 in the Council Chambers, 3316 Robinson Road, Woodanilling commencing at 11am.*

**Anika Serer**  
**CHIEF EXECUTIVE OFFICER**

## DISCLAIMER

This agenda has yet to be dealt with by the Audit, Risk and Improvement Committee. The recommendations shown at the foot of each item have yet to be considered by the Audit, Risk and Improvement Committee and are not to be interpreted as being the position of the Audit, Risk and Improvement Committee. The minutes of the meeting held to discuss this agenda should be read to ascertain the decision of the Audit, Risk and Improvement Committee.

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# AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING AGENDA

## 1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chairperson, Cr Thomson will declare the meeting open at 11am. The Chairperson will alert the meeting to the procedures for emergencies including evacuation, designated exits, and muster points.

## 2. RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

### **Present:**

|                |                         |
|----------------|-------------------------|
| Cr HR Thomson  | Shire President - Chair |
| Cr S Vermeulen | Deputy Shire President  |
| Cr I Garstone  |                         |
| Cr K Stephens  |                         |
| Cr R Marshall  |                         |

### **Officers:**

|                |                          |
|----------------|--------------------------|
| Anika Serer    | Chief Executive Officer  |
| Ciara Whitmore | Customer Service Officer |

### **Apologies:**

### **Observers:**

## 3. APOLOGIES

## 4. APPLICATIONS FOR LEAVE OF ABSENCE

Cr Trimming was granted leave of absence at the Ordinary Council Meeting held on 18 November 2025 for the period of December 2025.

## 5. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

## 6. PUBLIC QUESTION TIME

## 7. DECLARATIONS OF COUNCILLORS OR OFFICERS INTEREST

## 8. CONFIRMATION OF PREVIOUS MINUTES:

### 8.1. AUDIT COMMITTEE MEETING 18 MARCH 2025

#### **COUNCIL DECISION**

That the Minutes of the Audit Committee meeting held 18 March 2025 be confirmed as a true and correct record of proceedings without amendment.

## 9. AUDIT, RISK AND IMPROVEMENT COMMITTEE REPORTS

### 9.1. ADOPTION OF 2024/2025 ANNUAL REPORT

|                                   |  |
|-----------------------------------|--|
| <b>File Reference</b>             | ADM0017  |
| <b>Date of Report</b>             | 8 December 2025  |
| <b>Responsible Officer</b>        | Anika Serer, Chief Executive Officer   |
| <b>Author of Report</b>           | Anika Serer, Chief Executive Officer   |
| <b>Disclosure of any Interest</b> | No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> . |
| <b>Voting Requirement</b>         | Absolute Majority  |
| <b>Attachments</b>                | <b>Attachment 9.1.1</b> – Shire of Woodanilling Annual Report 2024/2025<br><b>Attachment 9.1.2</b> – Final Audit Management Letter Attachment                |

#### BRIEF SUMMARY

The purpose of this report is for the Audit, Risk and Improvement Committee Meeting to recommend to Council to adopt the 2024/2025 Shire of Woodanilling Annual Report.

#### BACKGROUND

The Office of Auditor General (OAG) conducted the Annual Financial Audit for 2024/2025 following production of the Annual Financial Statements, with the process concluding in December 2025. This item discusses the outcomes of the Audit.

The final audited financial statements have been received from the OAG and Lincolns, and the formal audit exit meeting was held on Wednesday 3<sup>rd</sup> December 2025. In attendance at this meeting was:

- Jay Teichert, Director Financial Audit, (OAG);
- Mr Chris Martain, Auditor, Lincolns;
- Mr Darren Long, DL Consulting, Accountant
- Cr Russel Thomson, Shire President;
- Ms Anika Serer, Chief Executive Officer;
- Ms Brooke Dellacqua, Senior Finance Officer.

During this meeting the report was discussed for the year ended 30 June 2025. Following the formal Audit Exit meeting, the Office of Auditor General released the independent auditor's reports.

Under section 5.53 of the Local Government Act 1995, the Shire is required to prepare an Annual Report each financial year. This report is to contain:

- A report from the Shire President and Chief Executive Officer;
- An overview of the Plan for the Future/Community Strategic Plan;
- The 2024/2025 Financial Report;
- The 2024/2025 Auditor Report; and
- Any other prescribed information.

Council is also requested to give consideration to determining the date, time and location of the Annual General Meeting. The meeting must be held within 56 days from the date Council accepts the Annual Report and Financial Statements. If Council accepts the Annual Report at this meeting, it is proposed that the Annual Electors Meeting is scheduled for 7pm on Tuesday 10<sup>th</sup> February 2026 (exactly 56 days from 16<sup>th</sup> December 2025).

The Annual Report has been prepared in accordance with the *Local Government Act 1995*, associated regulations and is contained in **Attachment 9.1.1**.

## Final Audit Management Report

In the Final Audit Management Report for the financial year ended 30 June 2025, the Office of the Auditor General identified the following matters:

| Index of findings                  | Potential impact on audit opinion | Rating      |          |       | Prior year finding |
|------------------------------------|-----------------------------------|-------------|----------|-------|--------------------|
|                                    |                                   | Significant | Moderate | Minor |                    |
| 1. Risk Register Not Maintained    | No                                |             | ✓        |       | ✓                  |
| 2. Employee Provision Calculations | No                                |             |          | ✓     | ✓                  |

### Key to ratings

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

**Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.

**Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

**Minor** - Those findings that are not of primary concern but still warrant action being taken.

### 1. Risk Register Not Maintained (2024 Finding)

#### Finding:

A risk register was not available for our inspection to reflect identified risks, and if they have been adequately treated. We are informed that the Shire operates within a risk management framework that is not formalised to review and monitor the risks.

We note that this was raised to the Shire's attention in the recently completed Regulation 17 review and is in the process of being reviewed and formalised.

#### Rating: **Moderate** (2024 Moderate)

#### Implication

Without a comprehensive documented and updated risk register, the Shire has potential exposure to risks that if unmanaged, may have an adverse impact on the achievement of organisational objectives.

#### Recommendation

Risks should be appropriately recorded in a risk register including details of remedial actions and timeframe of the implementation. The Shire should communicate the identified risks within a council meeting, to enable elected members to be fully informed of the identified risks when making decisions.

**Management comment (2024)**

*As per the Shire of Woodanilling Regulation 17 Review findings endorsed in August 2024, the Shire of Woodanilling is required to adopt an updated Risk Management Policy, which accords with ISO 31000:2018. As part of this process I will also develop a Risk Register and Framework. This project has commenced and once complete will be presented to Council for adoption.*

**Management comment (2025)**

*I acknowledge that the updated Policy, Framework and Risk Register has not been implemented due to a review finding significant revision required to the process commenced by the previous CEO. I have prioritised this and recently employed an Executive Manager Corporate Services who will focus on the development and implementation of appropriate measures.*

**2. Employee Provision Calculations****Finding:**

While testing calculations of employee annual and long service leave entitlements the following errors were discovered:

**Long Service Leave**

- Pay rates used to calculate the provision were July 2025 rates, which included a pay rise effective 1 July 2025. This resulted in the provision being overstated by \$5,625.17. This is not material and has been recorded as an unadjusted misstatement.
- Three instances where a terminated employee remained in the worksheet with a leave entitlement balance. The amount was \$13,585.49 which is not considered material to the financial statements as a whole and has been recorded as an unadjusted misstatement.
- Amounts due from other local governments is made up of entitlements for two employees who are no longer employed by the Shire.

**Annual Leave**

- Pay rates used to calculate the provision were July 2025 rates, which included a pay rise effective 1 July 2025. This resulted in the provision being overstated by \$10,393.38. This is not material and has been recorded as an unadjusted misstatement.
- One instance where a terminated employee remained in the worksheet with a leave entitlement balance. The amount was \$3,302.31 which is not considered material to the financial statements as a whole and has been recorded as an unadjusted misstatement.

It also appears that amounts due to and from other local governments has not been reviewed and updated,

**Rating: Minor (2024: Minor)****Implication**

Lack of regular review of worksheets to ensure that calculations are being performed correctly, and information contained is current, has the potential for material errors in disclosures to arise.

**Recommendation**

Regular review of all worksheets used in the preparation of any financial disclosures be carried out by the person using the worksheet, along with additional review by a person independent of the process.

**Management comment**

*The Shire had received notification from Wageline on 25 June 2025 that new pay rates would apply to employees on 1 July 2025, the new rates were utilised to calculate annual leave and long service leave provisions. It was our opinion this would provide a more accurate value of the actual leave entitlement provision due, and that would be payable to employees.*

Management acknowledges the errors in relation to terminated employees and will undertake a detailed review of the leave provisions calculations in 2025-2026 to remove and correct these errors.

### STATUTORY/LEGAL IMPLICATIONS

The *Local Government Act 1995* requires the Council to accept the Annual Report by 31 December each year unless the audit report is not available. If unable to be accepted by 31 December in any given year, then Council must accept the report within two (2) months of the audit report becoming available.

The Annual Electors Meeting must then be held within fifty-six (56) days of Council accepting the Annual Report. A minimum of fourteen days local public notice is required of the date, time, place and purpose of the meeting.

Part 7, Division 3A of the Act requires the Auditor General to conduct a financial audit and report on the financial audit before giving a copy of the President, Chief Executive Officer and Minister for Local Government.

The Local Government (Audit) Regulations 1996 provide for the roles and functions of the Audit, Risk and Improvement Committee which includes:

- Guiding and assisting the Shire in carrying out its financial management functions and its functions related to audits, and
- Promoting transparency and accountability in the Shire's financial reporting and promoting effective and responsible management of risks to protect the Shire's assets.

### POLICY IMPLICATIONS

There is no policy associated with this item.

### FINANCIAL IMPLICATIONS

There are no financial implications for this report.

### STRATEGIC IMPLICATIONS

#### PILLAR 3: CIVIC LEADERSHIP

#### GOAL 8: Accountable and compliant governance

8.1 Maintain compliance with the Local Government Act 1995 and associated regulations

### CONSULTATION/COMMUNICATION

Consultation has been undertaken with the Chief Executive Officer, DL Consulting and finance staff, OAG and Lincolns. The Exit Meeting occurred with the Chair of the Audit, Risk and Improvement Committee held on Wednesday 3<sup>rd</sup> December 2025.

### RISK MANAGEMENT

There is a risk that should the Annual Report not be adopted within the timeframes outlined, Council may be in breach of the *Local Government Act 1995*, and applicable subsidiary legislation. Accordingly, the risk associated with this matter is assessed as "High".

| Consequence<br>Likelihood | Insignificant | Minor  | Moderate | Major  | Extreme |
|---------------------------|---------------|--------|----------|--------|---------|
| Almost                    | Medium        | High   | High     | Severe | Severe  |
| Likely                    | Low           | Medium | High     | High   | Severe  |
| Possible                  | Low           | Medium | Medium   | High   | High    |
| Unlikely                  | Low           | Low    | Medium   | Medium | High    |
| Rare                      | Low           | Low    | Low      | Low    | Medium  |

| Risk Rating | Action  |
|-------------|---|
| LOW         | Monitor for continuous improvement.   |
| MEDIUM      | Comply with risk reduction measures to keep risk as low as reasonably practical.                      |
| HIGH        | Review risk reduction and take additional measures to ensure risk is as low as reasonably achievable. |
| SEVERE      | Unacceptable. Risk reduction measures must be implemented before proceeding.                          |

## VOTING REQUIREMENTS

Absolute Majority

## OFFICER'S RECOMMENDATION

That Audit, Risk and Improvement Committee recommends to Council to:

1. Accept the Shire of Woodanilling 2024/2025 Annual Report for the financial year ended 30 June 2025 as presented in **Attachment 9.1.1**;
2. Convene the Annual Electors Meeting on Tuesday 10<sup>th</sup> February 2026 in the Woodanilling Council Chambers commencing at 7pm; and
3. Publish the Shire of Woodanilling 2024/2025 Annual Report and Notice of Meeting as well as give public notice to the above effect, pursuant to the *Local Government Act 1995*, sections 5.29, 5.55, 5.55A, in the Wongi, on the Shire's website, official Notice Boards and Facebook site.

## 10. CLOSURE OF MEETING

There being no further business to discuss the Chairperson, Cr Thomson will declare the meeting closed at \_\_\_\_\_ pm.