TOWN OF COTTESLOE

AUDIT, RISK AND IMPROVEMENT COMMITTEE

UNCONFIRMED MINUTES

AUDIT, RISK AND IMPROVEMENT COMMITTEE
HELD IN THE
Mayor's Parlour, Cottesloe Civic Centre
109 Broome Street, Cottesloe
4:30 PM Monday, 14 September 2026

VICKI COBBY
A/Chief Executive Officer

15 September 2026

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1 DECLARATION OF MEETING OPENING/ANNOUNCEMENT OF VISITORS

The Presiding Member announced the meeting opened at 4:32 pm.

1.1 ACKNOWLEDGEMENT OF COUNTRY

I would like to begin by acknowledging the Whadjuk Nyoongar people, Traditional Custodians of the land on which we meet today, and pay my respects to their Elders past and present. I extend that respect to Aboriginal and Torres Strait Islander peoples here today.

2 DISCLAIMER

The Presiding Member drew attention to the Town's Disclaimer.

3 ATTENDANCE

Members

Deputy Mayor Sonja Heath	Elected Member
Cr Lorraine Young	Elected Member
Cr Jeffrey Irvine	Elected Member
Cr Kirsty Barrett	Elected Member
Mr Andrew Dimsey	Independent Presiding Member
Mr Ian McKenzie	Independent Deputy Presiding Member

Officers

Mrs Vicki Cobby	A/Chief Executive Officer
Mr Paul Neilson	A/Director Development and Regulatory Services
Ms Eloise Watson	Communications Engagement Officer

Visitors

Nil

Apologies

Mayor Melissa Harkins	
Sarah Jane Watkins	Manager Finance
Kate Jones	Manager Governance

4 DECLARATION OF INTERESTS

Nil

5 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

The Presiding Member announced that the meeting is being recorded, solely for the purpose of confirming the correctness of the Minutes.

6 CONFIRMATION OF MINUTES

AC016/2026

Moved Cr Young **Seconded Cr Heath**

That the Minutes of the Audit, Risk and Improvement Committee Meeting held on Monday 15 June 2026 be confirmed as a true and accurate record.

Carried 6/0
For: Presiding Member Dimsey, Deputy Presiding Member McKenzie, Cr Irvine, Cr Heath, Cr Young, and Cr Barrett
Against: Nil

7 PRESENTATIONS

Nil

8 REPORTS

8.1 REPORTS OF OFFICERS

8.1.1 REQUEST TO ADOPT 2025 COMPLIANCE AUDIT RETURN

Directorate:	**Executive Services**
Author(s):	**Kate Jones, Manager Governance**
Authoriser(s):	**Mark Newman, Chief Executive Officer**
File Reference:	**D26/98896**
Applicant(s):	
Author Disclosure of Interest:	**Nil**

CEO NOTE: Following the Audit, Risk and Improvement Committee Meeting on 14 September 2026, the response was reconsidered to the Compliance Audit Return question relating to r.18(1) and (4) of the Local Government (Functions and General) Regulations 1996.

While the original **"No"** response was technically correct, as no tenders were received that were submitted outside the prescribed time or place, the response did not represent a compliance failure. Rather, it reflected that the legislative requirement was not triggered during the audit period. As a result, the question effectively recorded a compliant outcome as a non-compliant result, which understated both the Town's overall compliance rate and compliance maturity assessment. Accordingly, the response was reclassified as **Not Applicable (N/A)** and the compliance calculations were recalculated. This resulted in the compliance rate increasing from **86.67% to 88.14%**. The compliance maturity scores were also revised, with **Compliance Status** reducing from **3.73 to 3.60**, **Evidence Quality** from **4.08 to 3.95**, **Process Maturity** from **3.10 to 2.97**, **Monitoring and Assurance** from **2.84 to 2.80**, **Resilience/People Dependency** from **2.71 to 2.63**, and the **overall Compliance Maturity Score** from **3.29 to 3.19**. While the maturity scores changed as a consequence of the recalculation methodology, the overall maturity rating remained **"Established"**. The revised

response and associated scoring amendments have been incorporated into this report and attachments.

SUMMARY

The purpose of this report is to present more than a summary of the Town's annual statutory Compliance Audit Return (**CAR**) results. Part of the report provides those. It also goes further to provide the results of a compliance maturity assessment undertaken as part of the audit.

The results of the audit demonstrate the Town is **88.14%** compliant as far as responses to questions in the CAR are concerned. The assurance measure presented for the Audit, Risk and Improvement Committee (**ARIC**) and Council to consider is the assessment of compliance management controls and whether they are operating optimally.

OFFICER RECOMMENDATION IN BRIEF

Following review by ARIC, Council is requested to adopt the 2026 Compliance Audit Return, authorise the Mayor and Chief Executive Officer to sign the adopted return, and request the Chief Executive Officer to submit it to the Department of Local Government, Industry Regulation and Safety by 30 September 2026.

BACKGROUND

The combined operation of the *Local Government Act 1995* (**Act**) and Local Government (Audit) Regulations 1996 (**Audit Regs**), require local governments to conduct an annual compliance audit. The scope of the audit is narrowed to the statutory requirements prescribed in regulation 13 of the Audit Regs. The audit does not extend to the entirety of the legislative environment local governments operate within.

The 2025 CAR is the first to be administered under the Local Government Inspectorate. Responsibility for the CAR has transferred from the Department of Local Government, Industry Regulation and Safety (**Department**) to the Local Government Inspectorate as part of broader local government governance reforms. The Inspectorate is now responsible for issuing CAR requirements, monitoring compliance reporting and identifying systemic governance and compliance issues across the local government sector.

The Audit Regs prescribe the audit period as 1 January to 31 December, with submission of the Council-approved and certified CAR to the Department by 31 March. In 2026, the submission deadline for the 2025 CAR was deferred to 30 September 2026 to facilitate implementation of the new CAR arrangements introduced following the establishment of the Local Government Inspectorate.

OFFICER COMMENT

2025 Compliance Audit Return

Process

The compliance audit was conducted in-house during August 2026. The methodology involved separating the CAR questions and distributing questions to relevant officers to

provide responses. Members of the Executive were asked to provide responses to questions that covered all directorates.

Respondents were also asked to rate five maturity components for each response based on:

1. Compliance status;
2. Evidence quality;
3. Process maturity;
4. Monitoring and assurance; and
5. Resilience/people dependency.

The responses returned have allowed assessment of:

a. Whether the Town is compliant in each of the areas tested.
b. How reliably and sustainably compliance is being achieved.

Together the results provide a complete assurance picture of the Town's current state of compliance under the tested areas of *Local Government Act 1995* legislation.

Compliance Results

The 2025 compliance audit asks 119 compliance questions – a sample selected from those prescribed by Regulation 13 of the Audit Regs. Forty six questions returned not applicable (N/A) responses, and 14 did not require a response as the legislative requirement was assessed elsewhere in the return. Of the 59 remaining compliance requirements, 52 returned compliant (YES) responses; and 7 as non-compliant (NO), resulting in an overall compliance rate of **88.14%:**

Attachment (a) is the draft 2026 Compliance Audit Return reflecting these results.

Analysis of results

The vast majority of applicable compliance obligations have been assessed as compliant. The results indicate that fundamental governance, financial management, procurement, delegation and disclosure frameworks are operating effectively. However, the audit also identified several non-compliances that collectively point to a common theme of documentation, publication and governance maintenance rather than failures in core decision-making, financial stewardship or statutory administration.

From an ARIC perspective, the findings suggest that the Town's compliance framework is functioning adequately but continues to mature. Importantly, the identified non-compliances are largely administrative and governance-related in nature and do not indicate systemic failures in financial controls, procurement integrity, delegation frameworks or elected member accountability.

Key strengths

1. Strong financial governance and internal controls

The Town demonstrated full compliance across applicable Financial Management Regulations, including internal controls to segregate financial duties; compliant banking and

investment management; authorisations; and reporting of payments and purchasing card transactions.

This reflects a mature financial control environment and provides confidence regarding stewardship of public funds.

2. Well-Established Delegation Framework

The audit confirms that Council's delegation framework enabled Council delegations to the CEO and from the CEO to employees to be appropriately made and documented; and the delegations register to be maintained and reviewed compliantly.

This demonstrates a sound governance structure. It is noted that a number of the CAR delegation questions related to delegations to s.5.8 committees of Council, of which Council has none, resulting in N/A responses.

3. Procurement and Tendering Compliance

Procurement represents a high-risk governance area for local government. Tenders called during the 2025 reporting period were all from the Engineering directorate. Results indicate strong performance including compliance with observance of tender thresholds; appropriate tender evaluations; maintaining up-to-date tender registers; notifications to unsuccessful tenderers of outcomes; and compliance with the Town's Purchasing Policy requirements.

It is noted that a number of CAR questions related to panels of pre-qualified suppliers and major land and trading transactions, for which the Town returned N/A responses.

4. Transparency and Disclosure Frameworks

The Town demonstrated compliance with requirements relating to various statutory registers, returns and obligations to publish information. These are important controls to support integrity, accountability and community confidence. The audit established the need to continuously monitor statutory information on the website to ensure it is kept up-to-date and published within required timeframes.

Key Weaknesses and Emerging Risks

Although the number of non-compliances is relatively low, the findings reveal several consistent themes that warrant ongoing monitoring.

1. Governance documents not published or maintained

The most significant recurring issue relates to governance information that was either not published or not maintained in accordance with statutory requirements.

Examples include:

a. Model Standards not published on the Town's website (s.5.39B).

b. Website publication deficiencies under s.5.96A.

c. Website publication deficiencies under regulation 29C.

d. Electoral Gift Register not updated following the 2025 election.

The issue is not that governance frameworks do not exist. In most instances the policies or standards raised in compliance questions had been adopted appropriately but were not consistently published or updated publicly. This suggests weaknesses in administrative monitoring and governance maintenance processes rather than failures in governance design itself.

2. Strategic Planning Governance

The Town recorded non-compliance with Regulation 19DA due to the required minor review of the Council Plan/Corporate Business Plan not being completed within the prescribed timeframe. This has been done in the 2026 calendar year and will return a positive response for the 2026 CAR.

Strategic planning documents are key governance tools. Delayed reviews increase the risk of misalignment between operations, resource allocation, community priorities, and the objectives of the Council Plan.

3. Compliance Timeliness

Several NO responses were returned in relation to timeframes relating to electoral statutory obligations and no evidence could be found to confirm whether the required statutory information was published on the Town's website when the CEO was recruited in 2025.

These findings indicate that compliance controls are generally operating but are heavily dependent on administrative oversight and monitoring of key dates. At times, when resources are stretched or rely on single person dependencies, tasks such as publishing information on the website can be missed.

This is characteristic of the Town as it continuously improves to transition from compliance managed through officer knowledge to compliance managed through formal systems and controls.

Conclusion

Overall, a compliance rating **88.14%** for the 2025 CAR provides ARIC/Council with moderate to high assurance that the Town maintained an effective control environment and substantially complied with its legislative obligations throughout the reporting period 1 January to 31 December 2025. Several targeted improvement opportunities were identified.

Compliance Maturity

Please note: The scores discussed in the following commentary has been calculated with the assistance of Artificial Intelligence.

Assessment methodology

For each compliance question, respondents were asked to assess the current maturity of the operating environment (not planned or future improvements), basing scores on demonstrated practice and available evidence, rather than assumptions or intentions. Five components of the operating environment were assessed and scored in accordance with the matrices below.

1. **Compliance Status:**
   Score the extent to which requirements are currently being met.

Score	Definition
1	Significant non-compliance
2	Multiple gaps
3	Generally compliant
4	Fully compliant
5	Fully compliant with assurance testing*

** Item has been thoroughly tested and meets all required standards, controls, or compliance requirements*

Example: All 40 annual returns for officers with delegated authority were received. However, evidence of acknowledgement of receipt could only be located for 39 returns. The requirement was largely met, but a minor documentation gap was identified.

Assessment: Generally compliant - Score 3

2. Evidence Quality:
Score the reliability, completeness, and traceability of evidence supporting compliance.

Score	Definition
1	Little evidence
2	Evidence difficult to locate
3	Some evidence exists but not all
4	Evidence readily available
5	Centralised evidence on CM10

Example: The Staff Gift Register was maintained and included all gift recipients; however, some required information was missing from register entries, and several individual gift declaration forms were not recorded in CM10. Evidence was available for part of the process but was not complete.

Assessment: Some evidence exists but not all - Score 3

3. Process Maturity:
Score how well compliance activities are defined, documented, embedded, and repeatable.

Score	Definition
1	Knowledge held by individuals
2	Limited procedures
3	Documented procedures
4	Clear ownership and regular reviews
5	Standardised and continuously improved

Example: Interviews and testing confirmed that employees responsible for day-to-day accounting and financial management activities do not review their own work. However, no signed delegations of authority or documented procedures were available to evidence the separation of duties. The control appears to operate in practice but is primarily reliant on staff knowledge and established practices rather than documented processes.

Assessment: Limited procedures - Score 2

4. Monitoring and assurance**

Score the effectiveness of oversight, control monitoring, reporting, and verification activities.

Score	Definition
1	Checked only at CAR time
2	Ad hoc reviews
3	Annual monitoring
4	Regular reporting to management
5	Integrated assurance framework

***The concept of assurance reporting focuses on the extent to which compliance activities are monitored, reviewed, and reported to management*

Example: No monitoring or reporting of report writers declaring interests is undertaken. Compliance is only assessed during periodic compliance reviews.

Assessment: Checked only at CAR time - Score 1

5. Resilience/People dependency:

Score the extent to which compliance can be sustained independently of specific individuals.

Score	Definition
1	One person knows everything
2	Limited backup arrangements
3	Some documented knowledge
4	Cross-trained staff
5	Fully transferable knowledge

Example: Corporate knowledge is concentrated with certain staff, and limited documented procedures exist to support relief staff. The process is highly dependent on key individuals. **Assessment: One person knows everything - Score 1. Score 2** could be justified where there are some informal handover arrangements or partial documentation available.	

The table at **Attachment (b)** provides scores provided by respondents for each of the five compliance maturity components for each of the 59 CAR questions answered YES or NO.

The scores were averaged to produce an overall compliance maturity score for the operating environment as follows:

Maturity Component	Average Score	Rating
Compliance Status	**3.60**	**Established**
Evidence Quality	**3.95**	**Managed**
Process Maturity	**2.97**	**Established**
Monitoring & Assurance	**2.80**	**Developing**
Resilience / People Dependency	**2.63**	**Developing**
Overall Compliance Maturity Score	**3.19**	**Established**

Scores were then rated as follows:

Rating	Description
Level 1 (1.0 - 1.99) **INITIAL**	Compliance relies on individuals and corporate knowledge. Little documentation.
Level 2 (2.0 – 2.99) **DEVELOPING**	Some procedures exist but inconsistent application.
Level 3 (3.0 – 3.99) **ESTABLISHED**	Documented processes with regular reviews and defined responsibilities.
Level 4 (4.0 – 4.99) **MANAGED**	Compliance is monitored, reported, and supported by effective systems and controls.
Level 5 (5.0 – 5.99) **OPTIMISED**	Compliance is embedded in business-as-usual, continuously improved, audited, and supported by automation and strong governance.

Conclusion

The strongest aspect of the Town's compliance framework is the quality of supporting evidence (3.95), indicating that compliance activities are generally well documented and capable of being substantiated. Opportunities for improvement were identified in Monitoring and Assurance (2.80) Resilience / People Dependency (2.63), and Process Maturity (2.97), suggesting greater focus should be placed on embedding compliance monitoring activities, documenting key processes, and reducing reliance on individual officer's knowledge. Further consideration will be given to administrative practices and resourcing that can address these findings.

The assessment returned an overall compliance maturity score of 3.19 (Established). These results indicate that compliance obligations are generally understood, supported by evidence and being effectively managed across the organisation.

CONSULTATION

There was extensive consultation across the organisation to determine responses to the CAR questions.

STATUTORY IMPLICATIONS

Local Government Act 1995

7.13 Regulations as to audits

(1) Regulations may make provision as follows –

…

(ab) as to the functions of an audit, risk and improvement committee, including in relation to –

…

(v) a report on an audit conducted by a local government under this Act or any other written law;

…

(ae) as to monitoring action taken in respect of any matters raised in an audit report;

…

(i) requiring local governments to carry out, in the prescribed manner and in a form approved by the Inspector, an audit of compliance with such statutory requirements as are prescribed whether those requirements are –

(ii) of a financial nature or not; or

(ii) under this Act or another written law.

Government (Audit) Regulations 1996

13 Prescribed statutory requirements for which compliance audit needed

(Act s. 7.13(1)(i))

For the purposes of section 7.13(1)(i) the statutory requirements set forth in the Table to this regulation are prescribed.

Local Government Act 1995		
s. 2.29	s. 3.16	s. 3.57
s. 3.58(3) and (4)	s. 3.59(2), (4) and (5)	s. 5.16
s. 5.17	s. 5.18	s. 5.23
s. 5.23AA(6)	s. 5.36(4)	s. 5.37(2) and (3)
s. 5.39B	s. 5.42	s. 5.43
s. 5.44(2)	s. 5.45(1)(b)	s. 5.46
s. 5.50	s. 5.51A	s. 5.67
s. 5.68(2)	s. 5.69(5)	s. 5.70
s. 5.71B(5) and (7)	s. 5.73	s. 5.75
s. 5.76	s. 5.77	s. 5.87AA
s. 5.87A	s. 5.87B	s. 5.87C
s. 5.88	s. 5.89A	s. 5.90A
s. 5.94	s.5.96	s.5.96A
s. 5.96C	s. 5.104	s. 5.128
s. 5.130	s. 5.132	s. 7.1A
s. 7.1B	s. 7.1C	s. 7.1CB
s. 7.12A		
Local Government (Administration) Regulations 1996		
r. 3A	r. 3B(1)	r. 14H
r. 14I	r. 18A	r. 18E
r. 18F	r. 18FB	r. 18FC
r. 18G	r. 19	r. 19A
r. 19AB	r. 19AC	r. 19AD
r. 19ADA	r. 19AC	r. 19AD
r. 19BB	r. 19BC	r. 19BD
r. 19BE	r. 19C	r. 19DA
r. 22	r. 23	r. 28
r. 28A	r. 29	r. 29C
r. 29D	r. 29E	4. 34AF
r. 35	r. 36	r. 36A
r. 37	r. 37A	
Local Government (Audit) Regulations 1996		
r. 10	r. 17	
Local Government (Constitution) Regulations 1996		

r. 11FA	r. 13	
Local Government (Elections) Regulations 1996		
r. 30G		
Local Government (Financial Management) Regulations 1996		
r. 5	r. 6	r. 7
r. 8	r. 9	r. 11
r. 12	r. 13	r. 13A
r. 19	r. 19AA	r. 19C
r. 19D		
Local Government (Functions and General) Regulations 1996		
r. 7	r. 9	r. 10
r. 11A	r. 11	r. 12
r. 14(1), (3) and (5)	r. 15	r. 16
r. 17	r. 18(1) and (4)	r. 19
r. 21	r. 22	r. 23
r. 24	r. 24AD(2), (4) and (6)	r. 24AE
r. 24AF	r. 24AG	r. 24AH(1) and (3)
r. 24AI	r. 24E	r. 24F

14 Compliance audits by local governments

(1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.

(2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.

(3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.

(3) After the audit committee has reported to the council under sub regulation (3A), the compliance audit return is to be –

(a) presented to the council at a meeting of the council; and

(b) adopted by the council; and

(c) recorded in the minutes of the meeting at which it is adopted.

FINANCIAL IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

This report is consistent with the Town's *Council Plan 2023-2033*.

Priority Area 4: Our Leadership and Governance - Strategic leadership providing open and accountable governance.

Major Strategy 4.3: Deliver open, accountable and transparent governance.

RESOURCE IMPLICATIONS

The 2026 compliance audit was conducted in-house. Additional resources were deployed to the governance team to carry out the audit.

ENVIRONMENTAL / SUSTAINABILITY IMPLICATIONS

Nil

RISK IMPLICATIONS

Governance and transparency risk
Several non-compliances related to information being published late, not maintained, or not available on the Town's website. This increases the risk of regulatory scrutiny and reputational damage. Administrative practices will be reviewed and adapted to mitigate this risk.

Strategic governance risk

The Corporate Business Plan review was not completed within the required timeframe. This creates a risk that strategic priorities, performance monitoring and resource allocation become misaligned with Council's objectives. The risk was mitigated by the conduct of a minor review of the Corporate Business Plan during 2026.

Process and control maturity risk

The compliance maturity assessment identified opportunities to improve process documentation, monitoring and organisational resilience. A continued reliance on officer knowledge and manually managed compliance activities increases the risk of future compliance obligations being overlooked, particularly where key staff are unavailable or organisational responsibilities change. There is an intention to engage a resource during 2026 to work collaboratively across the organisation to develop processes. Improvement in process development will be monitored through the staff performance planning program.

ATTACHMENTS

8.1.1(a) Attachment (a) - Compliance Audit Return [under separate cover]
8.1.1(b) Attachment (b) - Compliance Maturity Scores [under separate cover]

VOTING REQUIREMENT

Simple Majority

OFFICER RECOMMENDATION

Moved Cr Young Seconded Cr Heath

THAT ARIC recommend to Council to:

1. Pursuant to Regulation 14(3A) of the Local Government (Audit) Regulations 1996, that following the Audit, Risk and Improvement Committee's review of the results of the 2025 Compliance Audit Return at Attachment (a), that Council ADOPT the 2025 Compliance Audit Return.

2. Pursuant to section 14(6)(b) of the *Local Government Act 1995,* Council ADOPT the 2025 Compliance Audit Return at Attachment (a).

3. Pursuant to section 15(1)(a) of the *Local Government Act 1995*, Council REQUEST:
   (a) the Mayor and Chief Executive Officer to sign the adopted 2025 Compliance Audit Return; and
   (b) the Chief Executive Officer to submit the signed 2025 Compliance Audit Return to the Department of Local Government, Industry Regulation and Safety prior to 30 September 2026.

AC017/2026

AMENDMENT

Moved Deputy Presiding Member McKenzie Seconded Cr Barrett

To add a point 4 to the officers recommendation;

4. Requests the CEO to bring to the next ARIC meeting a high level plan identifying steps to close compliance gaps, including prioritization and resource requirements.

Carried 6/0
For: Presiding Member Dimsey, Deputy Presiding Member McKenzie, Cr Irvine, Cr Heath, Cr Young, and Cr Barrett
Against: Nil

AC018/2026

SUBSTANTIVE MOTION

Moved Cr Young **Seconded Cr Heath**

THAT ARIC recommend to Council to:

1. **Pursuant to Regulation 14(3A) of the Local Government (Audit) Regulations 1996, that following the Audit, Risk and Improvement Committee's review of the results of the 2025 Compliance Audit Return at Attachment (a), that Council ADOPT the 2025 Compliance Audit Return.**

2. **Pursuant to section 14(6)(b) of the *Local Government Act 1995,* Council ADOPT the 2025 Compliance Audit Return at Attachment (a).**

3. **Pursuant to section 15(1)(a) of the *Local Government Act 1995*, Council REQUEST:**
   (a) **the Mayor and Chief Executive Officer to sign the adopted 2025 Compliance Audit Return; and**
   (b) **the Chief Executive Officer to submit the signed 2025 Compliance Audit Return to the Department of Local Government, Industry Regulation and Safety prior to 30 September 2026.**

4. **Requests the CEO to bring to the next ARIC meeting a high level plan identifying steps to close compliance gaps, including prioritization and resource requirements.**

Carried 6/0
For: Presiding Member Dimsey, Deputy Presiding Member McKenzie, Cr Irvine, Cr Heath, Cr Young, and Cr Barrett
Against: Nil

8.1.2 ERP PROJECT UPDATE - SEPTEMBER 2026

Attachments: 8.1.2(a) Executive Briefing Paper - DataScape ERP Program Implementation Progress - September 2026 [under separate cover]

EXECUTIVE SUMMARY

This report provides the Audit, Risk and Improvement Committee with an overview of the current status of the DataScape ERP Program. The update outlines progress against the approved implementation scope, the transition of core business modules into Business as Usual operations, and the remaining activities, dependencies and governance requirements necessary to support successful project completion and closure.

OFFICER COMMENT

ATTACHMENT (a) is the Executive Briefing Paper prepared by the ERP Project Manager in consultation with DataCom. The briefing paper provides an assessment of progress against the approved ERP project scope, including the implementation status of individual modules, remaining deliverables, dependencies and the pathway to project closure.

It should be noted that the completion percentages and module status assessments contained within **ATTACHMENT (a)** reflect the view of the ERP Project Manager and DataCom regarding delivery of the agreed project scope and transition to Business as Usual arrangements. While officers acknowledge that substantial progress has been achieved and that most core modules are now operational, there remain areas where additional work, optimisation, data validation and business process refinement are required. In a number of instances, these activities have transitioned from formal project governance into operational support, vendor support or continuous improvement processes and are therefore considered complete from a project delivery perspective, despite further work remaining from an operational standpoint. Accordingly, the reported level of project completion should not be interpreted as indicating that all ERP-related work has been finalised.

8.1.3 2025/26 OAG FINANCIAL AUDIT UPDATE

Directorate:	**Corporate and Community Services**
Author(s):	**Vicki Cobby, Director Corporate and Community Services** **Sarah-Jane Watkins, Manager Finance**
Authoriser(s):	**Mark Newman, Chief Executive Officer**
File Reference:	**D26/80034**
Applicant(s):	
Applicant(s) Proponents:	
Author Disclosure of Interest:	**Nil**

SUMMARY

This report provides the Audit, Risk and Improvement Committee with an update on the 2025/26 Office of the Auditor General (OAG) Financial Audit, including changes to the audit approach, progress against the audit timetable, the status of audit information requests and emerging risks associated with asset management and revaluation activities. While significant progress has been made, additional work is continuing to address asset valuation and reconciliation matters ahead of finalisation of the Annual Financial Statements.

OFFICER RECOMMENDATION IN BRIEF

Officers recommend that the Committee note the update on the 2025/26 Financial Audit, including the revised audit arrangements, progress against the audit timetable, the current status of audit requests and the actions being undertaken to address asset management and revaluation risks ahead of completion of the Annual Financial Statements.

BACKGROUND

Our auditors, Grant Thornton conducted an audit entrance meeting at the Town on 25 May 2026. An audit timeline was provided.

OFFICER COMMENT

Audit Timeline Update

As previously reported to the Committee, the interim audit was originally scheduled to commence on 22 June 2026.

In mid-June, unforeseen operational resourcing challenges impacted the Town's capacity to support the interim audit within the planned timeframe. Following discussions with the auditors, it was agreed that the interim audit would be deferred and incorporated into the final audit phase. This approach was considered the most efficient use of both staff and audit resources.

The interim audit activities have now been incorporated into the on-site final audit scheduled to occur between 5 October 2026 and 23 October 2026.

At the time of writing this report, the timetable for on-site audit fieldwork remains unchanged, and all subsequent key audit milestones continue to align with the original schedule.

The remaining major milestones are outlined below.

Date	Milestone
30 September 2026	Draft Annual Financial Statements due. Interim audit requests due.
5 October 2026	Commencement of on-site audit fieldwork incorporating the Interim Audit.
23 October 2026	Completion of audit fieldwork.
1 November 2026	Trial balance clearance.
November 2026	Final - Draft financial statements provided by management.
November 2026	Draft Audit Report and Management Letter provided.
30 November 2026	Audit Exit meeting / presentation of findings.
By 5 December 2026	Management Representation Letter signed. Financial Statements signed and lodged.
7 December 2026	Financial Statements and Audit Findings presented to ARIC
15 December 2026	Annual Report presented to Council

Audit, Risk and Improvement Committee members and all Elected Members will be invited to attend the Audit Exit Meeting. The meeting will be conducted during business hours and held on-site at the Town. Remote attendance may be available, subject to the auditors' requirements and arrangements.

Attendees will have the opportunity to ask questions of both the auditors and Town officers regarding the audit process, findings and recommendations.

Progress on Audit requests

At the time of writing this report, the Office of the Auditor General (OAG) audit portal contains 69 information requests. This number is expected to increase as audit sampling commences and additional information is requested during the course of the audit.

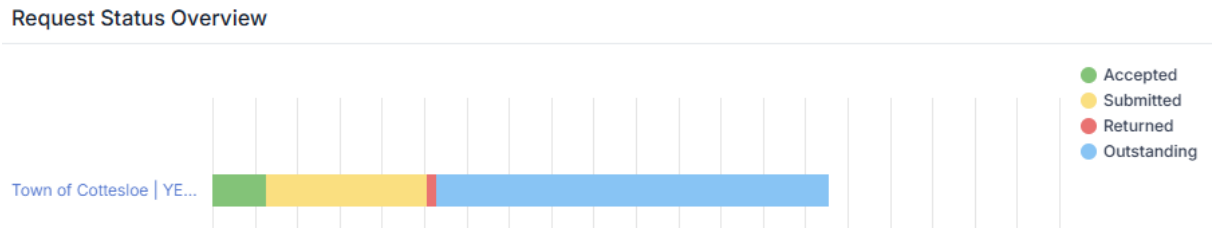
The current status of requests is as follows:

- **6 Accepted**
- **18 Submitted**
- **1 Returned**

- **44 Outstanding**

The majority of outstanding requests relate to year-end financial information and supporting documentation that is currently being prepared as part of the annual financial statements process.

No requests are currently overdue. All outstanding requests have due dates of **30 September 2026** or later, and officers are progressively working through the requests in accordance with the audit timetable.



Asset Management and Revaluation Risk

A significant body of work has been undertaken during 2025/26 to review and restructure the Town's asset register in conjunction with the transition to DataScape and a scheduled asset revaluation.

As part of preparations for the implementation of the DataScape asset module and the completion of the Town's end-of-financial-year financial reporting processes, officers undertook a detailed review of the asset register, revaluation process and supporting working papers. While this review would ordinarily have been undertaken earlier in the project timeline, unforeseen resourcing challenges delayed completion of the work.

The review identified a number of matters requiring further assessment, validation and reconciliation before the revaluation process could be finalised. These matters necessitated a substantial body of additional work to ensure asset information is complete, supportable and suitable for inclusion in the Town's Annual Financial Statements.

Officers have adopted a practical and evidence-based approach to resolving these matters and are working closely with the Town's OAG-appointed auditors to support an appropriate and supportable audit outcome.

While it is not possible to determine the final outcome of the audit process at this stage, officers consider there remains a possibility that the matters identified may result in audit findings or management recommendations. Every effort is being made to resolve outstanding issues prior to completion of the audit and establish a supportable position for the Annual Financial Statements.

Application for Extension of Time to Submit Annual Financial Statements

As a result of the additional work required to complete the asset review, valuation and reconciliation activities outlined above, officers have submitted an application to the Department of Local Government, Industry Regulation and Safety seeking an extension of time for the submission of the Town's 2025/26 Annual Financial Statements to the Auditor.

The application has been necessitated by a combination of factors, including the ongoing implementation of the DataScape asset module, the review and restructuring of the asset register, and additional work arising from matters identified during the end-of-financial-year review process. Through this work, a small number of assets within the Parks and Ovals asset category were identified as requiring further valuation by the Town's valuation consultant. While limited in number, these assets are material in value and require additional valuation evidence to support the Town's financial reporting obligations.

The extension application is intended to provide a realistic timeframe to complete the remaining valuation and reconciliation activities and ensure that all material asset balances included within the Annual Financial Statements are supported by appropriate evidence and documentation.

Importantly, the extension application is not intended to alter the agreed audit timetable. At the time of writing this report, there have been no changes to the timetable for on-site audit fieldwork, and all subsequent key audit milestones remain aligned with the original audit schedule. Officers continue to progress financial statement preparation and supporting working papers in accordance with the agreed audit plan.

ATTACHMENTS

Nil

CONSULTATION

Consultation has occurred with the Office of the Auditor General and the Town's appointed audit representatives (Grant Thornton) regarding the planning and timing of the 2025/26 financial audit.

Officers will continue to work closely with the auditors throughout the completion of the financial statements, audit fieldwork and resolution of audit queries and findings.

STATUTORY IMPLICATIONS

Local Government (Audit) Regulations 1996

r11. CEO to give audit reports to audit, risk and improvement committee

r16. Functions of audit, risk and improvement committee

In accordance with Regulations 11 and 16 of the *Local Government (Audit) Regulations 1996*, the Audit, Risk and Improvement Committee is required to receive and review audit reports and matters relating to the Town's financial management. Accordingly, the audited Annual Financial Report and audit findings will be presented to the Committee prior to consideration by Council.

POLICY IMPLICATIONS

There are no perceived policy implications arising from the officer’s recommendation.

STRATEGIC IMPLICATIONS

This report is consistent with the Town’s *Council Plan 2023-2033*.

Priority Area 4: Our Leadership and Governance - Strategic leadership providing open and accountable governance.

Major Strategy 4.3: Deliver open, accountable and transparent governance.

RESOURCE IMPLICATIONS

Resource requirements are in accordance with the existing budgetary allocation.

ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS

There are no perceived sustainability implications arising from the officer's recommendation.

RISK MANAGEMENT IMPLICATIONS

There is a risk that the additional work required to resolve asset management and revaluation issues may impact the timely preparation and audit of the Annual Financial Statements. There is also a risk that unresolved valuation or supporting evidence issues could result in audit findings, management recommendations or other audit outcomes relating to asset management and financial reporting processes.

Officers are actively managing these risks through ongoing review, engagement with the Town's OAG-appointed auditors, and prioritisation of critical year-end activities. An application for an extension of time to submit the Annual Financial Statements has been lodged and is currently pending determination. Officers continue to work towards the agreed audit timetable and resolution of outstanding matters as a priority.

VOTING REQUIREMENT

Simple Majority

AC019/2026

OFFICER AND COMMITTEE RECOMMENDATION

Moved Cr Young Seconded Cr Barrett

THAT the Audit Committee recommends to Council to:

1. **SUPPORT the application for Extension of Time to Submit Annual Financial Statements;**
2. **NOTES the update on the 2025/26 Office of the Auditor General Financial Audit; and**
3. **NOTES the identified risks associated with asset management and revaluation activities and the actions being undertaken to address those matters prior to completion of the audit process.**

Carried 6/0
For: Presiding Member Dimsey, Deputy Presiding Member McKenzie, Cr Irvine, Cr Heath, Cr Young, and Cr Barrett
Against: Nil

8.2 ITEMS FOR DISCUSSION

Nil

9 GENERAL BUSINESS

9.1 COMMITTEE MEMBERS

9.2 OFFICERS

10 MEETING CLOSED TO PUBLIC

10.1 MATTERS FOR WHICH THE MEETING MAY BE CLOSED

AC020/2026

MOTION FOR BEHIND CLOSED DOORS

Moved Cr Young Seconded Cr Heath

That, in accordance with Section 5.23(2) ((4)(e)), the discuss the confidential reports behind closed doors.

Carried 6/0
For: Presiding Member Dimsey, Deputy Presiding Member McKenzie, Cr Irvine, Cr Heath, Cr Young, and Cr Barrett
Against: Nil

The meeting was closed to the public at 5:30 pm, however no members of the public or media were in attendance.

10.1.1 AUDIT ACTIONS REGISTER

This item is considered confidential in accordance with the *Local Government Act 1995* section 5.23(4)(e) as it contains information relating to information the making public of which would be likely to endanger the security (including cyber-security) of any of the local government's property or operations;.

AC021/2026

MOTION FOR RETURN FROM BEHIND CLOSED DOORS

Moved Cr Young Seconded Cr Heath

In accordance with Section 5.23 that the meeting be re-opened to members of the public and media and motions passed behind closed doors be read out if there are any public present.

Carried 6/0
For: Presiding Member Dimsey, Deputy Presiding Member McKenzie, Cr Irvine, Cr Heath,

Cr Young, and Cr Barrett
Against: Nil

The meeting was re-opened to the public at 5:45 pm, however no members of the public or media were in attendance.

11 NEXT MEETING

7 December 2026

12 MEETING CLOSURE

The Presiding Member announced the meeting closed at 5:46 pm.