Western Metropolitan Regional Council

Managing waste wisely

Minutes

AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING (AC 02/26)

29 October 2026
Commenced at 5:01 pm

Held at: 2/317 Churchill Avenue, Subiaco

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1. DECLARATION OF OPENING

Meeting opened at 5:01pm

2. RECORD OF ATTENDANCE AND APOLOGIES

Committee Member

Mr. D. Ashton	Presiding Member	Independent Member
Mr. P. Zhou	Deputy Presiding Member	Independent Member
Cr. P. Kelly	Member	Town of Claremont
Cr. R. Jones	Member	City of Subiaco
Cr. P. Macintosh (arrived 5.35pm)	Member	Shire of Peppermint Grove

Cr. P. Kelly confirmed that he was attending the meeting by telephone from a secure and confidential location.

Staff

S. Devenish	Chief Executive Officer	WMRC
J. Fenlon	Chief Financial Officer	WMRC
B. McInnes	Chief Operating Officer	WMRC

Apologies

Nil

3. DECLARATIONS OF INTEREST

Nil

4. CONFIRMATION OF PREVIOUS MINUTES

4.1 CONFIRMATION OF PREVIOUS MINUTES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

Responsible Officer:	**CEO**
Date:	**10 September 2026**
Attachment:	**Nil**

Minutes of the Audit and Risk Management Committee meeting which was held on 10 September 2026 were circulated previously under a separate cover and are to be found at this link.

Moved: Cr P. Kelly Seconded: Mr. P. Zhou

RECOMMENDATION AND COMMITTEE RESOLUTION

4.1.1 The Audit and Risk Management Committee confirm the minutes of the WMRC Audit and Risk Management Committee meeting held on 10 September 2026 as a true and correct record.

CARRIED: 4/0

5. REPORTS OF OFFICERS

5.1 RISK REGISTER REVIEW – STRATEGIC CATEGORY

Responsible Officer: **CEO**

Date: **29 October 2026**

Attachment: **5.1A Existing Strategic Category Risk Register**

5.1B Proposed Strategic Category Risk Register

PURPOSE

To consider the outcomes of the review of the Strategic category of the Corporate Risk Register and recommend that Council endorse the revised primary strategic risks contained in Attachment 5.1B.

BACKGROUND

The WMRC Corporate Risk Register is maintained in accordance with the Risk Management Policy and Risk Management Plan and serves as the principal mechanism for identifying, assessing and managing risks that may affect achievement of the organisation's objectives. The Strategic category sits at the apex of the register and is intended to identify risks that may affect WMRC's ability to achieve its long-term objectives, maintain organisational relevance and sustain its future viability.

Since the Risk Register was last considered by Council, a number of significant developments have altered WMRC's operating environment, strategic priorities and control framework. These developments include adoption of the Council Plan 2026, development of the Corporate Plan 2026, implementation of a new organisational structure, progression of the Recycling Centre redevelopment program, resolution of key legal constraints affecting land access, demonstrated operational efficiencies through self-haul arrangements and substantial reduction of previously significant safety risks.

In response to these changes, the Leadership Group commenced a comprehensive review of the Corporate Risk Register. The Strategic category was reviewed first to ensure the organisation's highest-level risks are clearly identified and aligned with current strategic priorities before proceeding to review the remaining categories.

DETAILS

The review considered the continued relevance of the existing Strategic category and whether it adequately reflected the risks most likely to influence WMRC's long-term success. It was observed that the existing category had evolved incrementally over time and was largely issue-based rather than framework-based, resulting in some overlap with other categories and limited alignment with the current strategic planning framework.

To address this, the Strategic category has been restructured around a series of enduring strategic risk themes aligned with the Council Plan 2026 and Corporate Plan 2026. The revised framework is intended to provide a more sustainable basis for strategic risk management by focusing on the principal areas of uncertainty that may affect achievement of WMRC's long-term objectives.

The proposed primary strategic risks are:

Ref	Risk Area	Strategic Focus
PS1	Strategic Alignment & Organisational Relevance	Long-term relevance and strategic direction
PS2	Long-Term Infrastructure & Environmental Outcomes	Infrastructure planning and environmental outcomes
PS3	Resource Recovery & Environmental Outcomes	Waste diversion and sustainability outcomes
PS4	Market Position & Commercial Sustainability	Financial sustainability and competitiveness
PS5	External Dependency & Market Disruption	Reliance on external parties and markets
PS6	Organisational Resilience & Service Continuity	Continuity of critical services
PS7	Organisational Capability & Leadership	Leadership, capability and succession
PS8	Strategic Innovation & Transformation	Future readiness and adaptation

These risks have been developed to provide coverage across the strategic themes of the Council Plan 2026. Further, the previous reference to ‘strategic’ and ‘operational’ level risks have been described as ‘primary’ and ‘’secondary’ respectively. This renaming avoids confusion around the use of the word ‘strategic’ for both category and level assignments and reflects the distinction between primary outcomes and secondary operational delivery risks.

The Leadership Group has reviewed the proposed category structure, risk statements, controls, residual ratings and proposed treatment actions. The result is considered to provide an appropriate strategic risk framework for the organisation and a sound basis for ongoing review of the remaining categories.

RISK MANAGEMENT

The purpose of the review is to strengthen the organisation's risk management framework by ensuring strategic risks are aligned with current organisational objectives and the external operating environment.

The revised Strategic category directly supports identification and management of risks associated with:

- Achievement of the Council Plan 2026.
- Delivery of the Corporate Plan 2026.
- Long-term organisational sustainability.
- Strategic decision-making and organisational relevance.
- Service continuity and resilience.
- Resource recovery and environmental outcomes.
- Financial sustainability and market position.
- Innovation, adaptation and future readiness.

COMMUNICATION AND CONSULTATION

The revised Strategic category has been developed through review by the Leadership Group as part of the Corporate Risk Register review process. The review considered the Council Plan 2026, Corporate Plan 2026, Risk Management Plan and the current Corporate Risk Register

REPORT IMPLICATIONS

Legislation and Policy Alignment

- *Local Government Act 1995*
- *Local Government (Audit) Regulations 1996*
- Risk Management Policy
- Risk Management Plan

Business and Strategic Alignment

Compliance with statutory requirements supports theme 6 of the Council Plan 2026 as follows:

> *Maintain a capable, adaptable and resilient organisation that can sustainably deliver services, manage risk and support long-term strategic objectives.*

The revised category has also been structured to align with all strategic themes contained within the Council Plan 2026.

Financial and Resource Implications

There are no direct financial implications arising from endorsement of the revised Strategic category. The review has been undertaken using existing organisational resources. Future treatment actions arising from the register will be considered through normal business planning and budgeting processes.

COMMENTS

The review has realigned the Strategic category of the Corporate Risk Register with WMRC's contemporary strategic framework. The revised category focuses on the key uncertainties affecting achievement of long-term objectives, providing stronger alignment with Council Plan 2026, clearer separation of strategic and operational risks, and a sound basis for risk management and decision-making. Accordingly, it is recommended that the Audit, Risk and Improvement Committee recommend the revised Strategic category primary risks to Council for endorsement.

VOTING REQUIREMENT

Simple majority

Moved: Mr. P. Zhou Seconded: Cr. R. Jones

RECOMMENDATION AND COMMITTEE RESOLUTION

5.1.1 That the Audit, Risk and Improvement Committee recommend that Council:

a) Adopt the revised primary risks of the Strategic category within the Corporate Risk Register as contained in Attachment 5.1B

b) Note that the revised Strategic category will form the basis for the ongoing review of the remaining categories of the Corporate Risk Register.

CARRIED: 4/0

Cr. Macintosh arrived at 5.35pm

5.2 ANNUAL FINANCIAL AUDIT – YEAR ENDING 30 JUNE 2026

Responsible Officer: **Chief Executive Officer**

Date: **29 October 2026**

Attachment: **5.2A Interim Audit Findings**

5.2B Final Audit Findings

5.2C Independent Auditors Report 2026

5.2D Financial Statements year ending 30 June 2026

PURPOSE

To receive and review the audited Annual Financial Statements for the year ended 30 June 2026, together with the Interim Audit Findings and Final Audit Findings reports.

BACKGROUND

Under the *Local Government Act 1995*, the Auditor General is responsible for the annual financial audits of all Western Australian local governments and regional councils. These audits are generally undertaken in two stages, comprising an interim audit and a final audit. The two-stage approach enables the Office of the Auditor General to assess both the effectiveness of the organisation's systems and controls, and the reliability of its annual financial statements.

The interim audit is typically conducted during the financial year and focuses on governance, risk management, internal controls, financial management processes and information systems. This stage assists in identifying control weaknesses or compliance issues early, allowing management the opportunity to implement corrective actions before year-end.

The final audit is undertaken following the preparation of the annual financial statements. It involves a detailed examination of the financial report, supporting records and accounting treatments to determine whether the financial statements fairly present the local government's financial position and performance in accordance with applicable accounting standards. The final audit culminates in the issuance of an Independent Auditor's Report, together with any final management recommendations arising from the audit.

DETAILS

The audit of the Council's financial statements for the year ended 30 June 2026 has now been completed. The relevant audit and financial reporting documents are attached for the Committee's information and consideration.

Interim Audit

The interim audit examined the effectiveness of the Council's internal control environment, financial management processes and governance arrangements. The interim audit identified six findings comprising four significant findings and two minor findings. The significant findings related to reconciliations, journal entry approvals, supplier masterfile controls and segregation of duties, while the minor findings related to invoice approvals and employee termination checklists.

Management responses and actions taken in relation to each finding are included in Attachment 5.2A. All findings were assigned a target completion date of June 2026. Management has

implemented actions to address all findings. The only matter not fully resolved is the residual segregation of duties risk.

This residual risk reflects the limited finance resources available within a small organisation to undertake independent review functions.

Segregation of duties is a fundamental internal control that separates key financial processes between different officers to reduce the risk of error, inappropriate transactions or fraudulent activity. In practice, this means ensuring that no single employee has control over all stages of a financial transaction, such as creating or amending supplier details, processing invoices, preparing payment files and authorising payments.

To address this matter, the finance team has been restructured to provide for the appointment of a part-time Accountant position. Recruitment is nearing completion, with commencement anticipated in early November 2026. The additional qualified finance resource will enable independent review and oversight of key accounting processes and provide a sustainable long-term solution to the remaining segregation of duties risk identified through the interim audit.

Final Audit
The final audit focused on the financial statements for the year ended 30 June 2026 and the supporting financial reporting processes. The audit identified three findings, comprising two moderate findings and one minor finding. No findings were assessed as significant and none were considered to have an impact on the audit opinion.

The two moderate findings related to:

- the absence of a documented formal review of the independent asset valuation report used in preparing the financial statements; and
- incomplete related party declarations from two key management personnel at the time of audit. This matter was also identified during the previous financial year and remained outstanding at the commencement of the final audit.

The minor finding related to a loan agreement entered into during the year which had been executed but was not dated, creating uncertainty regarding the commencement of the agreement.

Management responses and corrective actions are outlined in Attachment 5.2B. The findings relate primarily to documentation and process controls, and management has implemented or commenced actions to address each matter. None of the findings affected the audit opinion.

Overall, the final audit findings were administrative and procedural in nature and did not identify any matter that would affect the Auditor General's opinion on the Council's financial statements.

Independent Auditor's Opinion
The Independent Auditor's Report at Attachment 5.2C provides an unmodified audit opinion on the Council's financial statements for the year ended 30 June 2026. The Auditor General concluded that the financial report is based on proper accounts and records, fairly presents the Council's financial position and performance, and complies with the requirements of the *Local Government Act 1995* and applicable accounting standards. The unmodified opinion confirms that no material misstatements were identified during the audit.

RISK MANAGEMENT

The matters addressed within this report support management of the following risks contained within the Corporate Risk Register:

Governance;
- SG5 – failure to fulfill duty
- OG6 – compliance risk

Financial;
- OF5 – fraud and corruption

Reputational;
- SR2 – perception of poor executive leadership
- OR8 – public criticism

COMMUNICATION AND CONSULTATION

Nil

REPORT IMPLICATIONS

Legislation and Policy Alignment

Local Government Act 1995, s.7.12AB requires the auditor to audit the accounts and annual financial report of a local government at least once in respect of each financial year.

Local Government (Audit) Regulations 1996, r.16 identifies a function of the Audit, Risk and Improvement Committee to receive and review reports on and recommend to the Council actions to be taken in relation to audits undertaken under Part 7 of the *Local Government Act 1995*.

The Terms of Reference of the Audit, Risk and Improvement Committee provide for the Committee receiving, reviewing and advising Council on matters relating to audit.

Business and Strategic Alignment

Financial management is central to theme 6 of the Council Plan 2026 as follows:

> *Maintain a capable, adaptable and resilient organisation that can sustainably deliver services, manage risk and support long-term strategic objectives.*

Financial and Resource Implications

The audit process has been completed within existing budget allocations. Any resources required to complete the remaining audit actions will be met from approved operational budgets.

COMMENTS

The 2025-26 audit process has been completed with an unmodified audit opinion, providing assurance that the Council's financial statements fairly present its financial position and performance. Audit findings identified opportunities to strengthen certain controls and processes, with management actions either completed or underway. The remaining segregation of duties finding is being addressed through the recruitment of an Accountant position to provide additional finance oversight and review capacity.

Overall, the audit outcomes demonstrate a sound financial control environment and support Council's consideration of the audited financial statements.

VOTING REQUIREMENT

Simple majority

Moved: Mr. P. Zhou Seconded: Cr. R. Jones

RECOMMENDATION AND COMMITTEE RESOLUTION

5.2.1 That the Audit, Risk and Improvement Committee recommend that Council:

a) **Receive the Independent Auditor's Report, Interim Audit Findings, Final Audit Findings and audited Annual Financial Statements for the year ended 30 June 2026.**
b) **Note the Auditor General's unmodified audit opinion in respect of the Annual Financial Statements for the year ended 30 June 2026.**
c) **Note the interim and final audit findings and management actions undertaken in response to those findings.**
d) **Note that management will continue implementing actions to address the remaining segregation of duties finding identified through the interim audit.**

CARRIED: 5/0

6. CONFIDENTIAL REPORTS

Nil

7. GENERAL BUSINESS

Nil

8. CLOSURE OF MEETING

The meeting was closed at 5:49 pm

9. NEXT MEETING

To be determined.