



**AGENDA OF THE  
AUDIT AND RISK COMMITTEE MEETING**

Agenda of the Shire of Katanning Audit & Risk Committee  
held on Monday 1 December 2025 at the  
Shire of Katanning Conference Room, commencing at 11.30am.

PRESIDING MEMBER \_\_\_\_\_

DATE SIGNED \_\_\_\_\_



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**1. ELECTION OF CHAIRPERSON**

As this is the first meeting of the Committee since the 2025 elections, the Committee is required to elect a chairperson.

The CEO will call for nominations for the position of Chairperson and conduct an election if necessary.

Recently introduced changes to the WA Local Government Act 1995 will require the Committee / Council to appoint an independent chairperson to the Audit Risk and Improvement Committee, however the date of implementation is yet to be determined.

**2. DECLARATION OF OPENING/ACKNOWLEDGEMENT OF COUNTRY**

The Chairperson declared the meeting open at \_\_\_\_\_ pm.

**Acknowledgement of Country**

The Shire of Katanning acknowledges the Goreng Noongar people as the traditional custodians of the land that we live and work on. We recognise their cultural heritage, beliefs, and continuing relationship with the land, and pay our respects to Elders past and present.

**3. RECORD OF ATTENDANCE****PRESENT****Members:**

Cr John Goodheart  
Cr Kristy D'Aprile  
Cr Gemma Trolove  
Cr Danny McGrath  
Cr Matt Collis  
Cr Ian Hanna  
Cr Paul Totino  
Alan McFarland – (Independent Member)

**Council Officers:**

Peter Klein, Chief Executive Officer  
David Blurton, Executive Manager Corporate Services  
Patrick Kennedy, Finance Manager  
Taryn Human, Executive Assistant to CEO

**Guests:**

David Delvalle– Assistant Director, Office of Auditor General  
Gilles Chan – Senior Manager, Moore Australia

**Apologies:**

Wen Shien Chai – Partner, Moore Australia

**3. DISCLOSURE OF FINANCIAL/IMPARTIALITY INTERESTS****4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING****4.1 Audit and Risk Committee Meeting – Wednesday 19 March 2025**  
(SEE ATTACHED MINUTES)**Voting Requirement:** Simple Majority**MOVED:****SECONDED:**

**ARC/25            That the minutes of the Audit & Risk Committee Meeting held on Wednesday 19 March 2025 be confirmed as a true record of proceedings.**

CARRIED:  
FOR:  
AGAINST:

**5. REPORTS****5.1 Audit Concluding Memorandum, Management Letter and Draft Annual Financial Report 2024-2025**

**File Ref:** FM.AU.2  
**Reporting Officer:** David Blurton, Executive Manager Corporate Services  
**Date Report Prepared:** 26 November 2025

**Background:**

The Audit Concluding Memorandum, Management Letter and Draft Annual Financial Report for the Shire of Katanning for the financial year ending 30 June 2025 is attached.

Mr. David Delvalle from the Office of Auditor General (OAG) and Mr. Gilles Ghan from Moore Australia will be in attendance to present and discuss the findings and the Annual Financial Report.

The outcomes of the audit are presented in two separate parts, one being the Audit Concluding Memorandum (ACM) which communicates the results of the audit to those charged with governance, the second being Audit Management Letter, which serves to present weaknesses and deficiencies in processes identified during the audit process.

**Statutory Implications:**

In accordance with section 7.12AD (2) of the Local Government Act 1995, the Office of the Auditor General (OAG) has completed the audit of the Annual Financial Report for the year ending 30 June 2024.

Section 7.9(1) of the Act requires the Auditor to submit a report to the local government by 31 December each year.

Section 7.12A(2) of the Act requires a local government to meet with its Auditor at least once each year.

Section 7.12 A(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.

**Officer's Comment:****Audit Concluding Memorandum (ACM)**

The ACM identifies that the following matters remain outstanding at time of writing;

- Final OAG review of audit working papers
- Final review of latest financial report
- OAG technical clearance for the Emphasis of Matter
- Signed management representation letter and
- Signed financial report.

The ACM also states that Moore's will issue an unmodified opinion on the audit of the Shires financial report to the OAG.

### **Management Letter**

The Management Letter as presented has identified the following issues which have been assigned a moderate level of significance. This finding relates to the issue of a purchase order for contract cleaning services which has no value assigned.

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Purchase order not complied with the purchasing policy	No		✓		✓

### **Key findings**

To address this issue, management propose to undertake a review of all outstanding purchase orders and to educate officers of the importance of assigning values on purchase orders. Officers will also discuss improving the purchase order creation process with synergy soft support providers.

### **Draft Annual Financial Report 2024-2025**

The 24-25 Financial report is presented to the committee for review and consideration.

Total comprehensive income is reported as a \$5m loss for the 24/25 financial year and is a significant variation from the budgeted figure of \$5.7m profit. This is due to the delay in receiving capital grants for the Katanning Early Childhood Hub of approximately \$10m. These grants will be brought to account as income in 25/26 financial year.

Cash held at year end is significant (\$15.3m) which comprises reserves of \$8.7m, WATC funds for the Katanning Early Childhood center (\$4.8m) and unrestricted cash of \$1.8m mostly represented as prepayment of 25/26 Federal Assistance Grants.

Employee provisions reduced during the year reflecting the departure of several long-serving employees. Employee costs were less than budgeted for the financial year. Fees and charges were \$400,000 more than expected mainly due to higher fees generated at the Katanning Saleyard facility.

Operating Grants, subsidies and contributions finished the year \$897,241 under budget which relates to the prepayment of 70% of the Council's General Purpose Grants in the 23/24 financial year. Only 50 % of 25-26 General Purpose Grants and Untied Road grants were prepaid into 24-25

### **Policy Implications:**

N/A

### **Financial Implications:**

There are no financial implications for this report.

**Risk Implications:**

This item has been evaluated against the Shire of Katanning's Risk Assessment and Acceptance Criteria. The perceived level of risk is considered to be "Low" risk and can be managed by routine procedures and with current resources.

**Strategic Implications:**

Shire of Katanning Strategic Community Plan 2022 - 2032

**Focus Area** Leadership

**Aspiration** Katanning is an inclusive and respectful community.

**Objective** To ensure that Shire resources are utilised in a manner that represents the best interest of the whole community.

**Voting Requirement:** Simple Majority

**Officer's Recommendation/Council Motion:**

**ARC/25** That the Audit & Risk Committee recommends that Council receives the Audit Concluding Memorandum, Management Letter and Draft Annual Financial Report as presented.

CARRIED/LOST:

FOR:

AGAINST:

**6. CLOSURE OF MEETING**

The Presiding Member declared the meeting closed at \_\_\_\_\_pm.