



MINUTES

For the Audit Committee Meeting

Held on the 30th June 2026



Ian Holland

CHIEF EXECUTIVE OFFICER

30th June 2026

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5 BUSINESS AS NOTIFIED

5.1 Audit Management Letters for 2024/25

Applicant:	Shire of Yalgoo
Date:	26 June 2026
Reporting Officer:	Glenn Boyes Deputy Chief Executive Officer
Disclosure of Interest:	NIL
Attachments:	2024/25 Opinion and Management Letter

MATTER FOR CONSIDERATION

That Council give consideration to the Independent Auditors Report and Management Letter for the year ended 30 June 2025.

COMMENT

Council is required to examine the report of the Auditor and take appropriate action in relation to the matters raised.

The list of findings for the audit is attached and show multiple significant, moderate and minor matters. Some of the findings are out of date as the Shire has changed its processes and systems over the years. The 2025/26 audit should realign the audit findings with the existing processes and systems.

The qualifying point in the Independent Auditors Report, meaning the auditors could not work out if the amounts were correct, was:

- 2023/24 Road valuation not completed by 30 June 24 but was done by 30 June 2025. This impacted prior year figures

STATUTORY ENVIRONMENT

7.12A. Duties of local government with respect to audits

(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*

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(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 governments' official website.*

BUSINESS IMPLICATIONS

Nil

CONSULTATION

Nil

VOTING REQUIREMENTS

ABSOLUTE MAJORITY

RECOMMENDATION

That the Audit Committee recommends to Council:

- 1) Receive the Independent Auditors Report and Management Letter for the financial year ended 30 June 2025.
- 2) Subject to (1) above forward a copy of the Report to the Minister for Local Government and publish it on the Shires' official website.

COUNCIL RESOLUTION – A2026-06-02

Moved: Cr Kieran Payne

Seconded: Cr Raelene Kroon

That the Audit Committee recommends to Council:

- 1) Receive the Independent Auditors Report and Management Letter for the financial year ended 30 June 2025.
- 2) Subject to (1) above forward a copy of the Report to the Minister for Local Government and Publish it on the Shires' official website.

CARRIED: 6/0



Auditor General

INDEPENDENT AUDITOR'S REPORT

2025

Shire of Yalgoo

To the Council of the Shire of Yalgoo

Qualified Opinion

I have audited the financial report of the Shire of Yalgoo (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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, 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.

Basis for Qualified Opinion

Infrastructure

My opinion in the prior year was qualified because roads infrastructure as disclosed in Note 7(a) of the financial report as at 30 June 2024 with a carrying value of \$72,967,926 (1 July 2023: \$71,282,698) had not been revalued as required by the regulations. The Shire was unable to correct these prior year figures in the current year. Consequently, my opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter – Restatement of Comparative Balances

I draw attention to Note 27 of the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in this financial report. My opinion is not modified in respect of this matter.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2025, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the Shire is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Yalgoo for the year ended 30 June 2025 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
11 May 2026

SHIRE OF YALGOO

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Bank reconciliation	No	✓			✓
2. General journal exceptions	No	✓			✓
3. Information technology framework	No	✓			✓
4. Masterfile accuracy and validity	No	✓			✓
5. Credit card procedures	No	✓			✓
6. Out-of-date governance documents	No		✓		✓
7. Payroll Exceptions	No		✓		✓
8. Fuel cards	No			✓	✓
9. Termination Checklist	No			✓	✓
10. Excessive leave balances	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.

SHIRE OF YALGOO

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE AUDIT

1. Bank reconciliation

Finding

Prior to May 2025, there was no documented evidence that bank reconciliations were independently reviewed, which limits assurance that reconciling items were identified, investigated, and resolved in a timely manner

Findings related to the bank reconciliation were first raised in the 2023 audit, which was completed in February 2026

Rating: Significant (2024: Significant)

Implication

Without documented independent review, there is an increased risk that errors or misappropriation of cash is not detected and that aged reconciling items are not adequately considered.

Recommendation

We acknowledge that from May 2025 onwards, bank reconciliations were reviewed and evidence of review was retained. Manual journals were also no longer posted. We recommend management continue to ensure there is timely preparation and independent review of bank reconciliations, and prompt investigation of any unusual or aged reconciling items

Management comment

As noted, the Shire will continue to ensure there is timely preparation and independent review of bank reconciliations, and prompt investigation of any unusual or aged reconciling items

Responsible person: CEO
Completion date: Completed in May 2025

SHIRE OF YALGOO

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE AUDIT

2. General journal exceptions

Finding

Our testing of general journal entries identified for postings made before May 2025 that supporting documentation and evidence of independent review and sign-off was not able to be provided by management. Of the 31 samples tested, 15 had insufficient support and/or evidence of independent review.

From May 2025 onwards, journals we have tested have been supported by appropriate documentation and independent review.

Findings in respect of general journals were first raised in the 2023 audit, which was completed in February 2026.

Rating: Significant (2024: Significant)

Implications

The absence of supporting documentation and independent review of general journals weakens segregation of duties and the audit trail, increasing the risk of errors, omissions, or fraudulent activities going undetected and therefore unresolved. There is a further risk of non-compliance with Regulation 5(1) of the Local Government (Financial Management) Regulation 1996.

For the journal entries that were found to have insufficient documentation the audit team was able to gain comfort from alternative audit procedures that the entries did not result in any misstatement.

Recommendations

The Shire should ensure that complete supporting documentation and documented independent approval are obtained before posting any journal entries. As noted above we acknowledge that from May 2025 onwards, this appears to have been implemented.

Management comment

As noted in the finding, the issues with insufficient support and lack of evidenced independent review were resolved from May 2025 with the introduction of electronic management of these records.

Responsible person: CEO
Completion date: Completed in May 2025

SHIRE OF YALGOO

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE AUDIT

3. Information technology framework

Finding

Our testing and inquiries relating to IT and cyber security controls at the Shire identified the following:

- There are no documented cyber security policies in place
- Whilst we understand the Shire's disaster recovery plan (DRP) was in the process of being developed, the Shire did not have a formal disaster recovery plan in place at the time of our audit
- There is no risk register in place in relation to specific information technology risks
- The agreement with the Shire's IT consultant was signed in 2015 with no updated agreement subsequently entered into
- there are eight users that have super-user access, which is considered excessive

Rating: Significant (2024: Significant)

Implications

- Without documented cyber security policies and procedures outlining the controls regarding cyber security, there is an increased risk of vulnerability to cyber-attacks such as malware or phishing attempts;
- Without a DRP there is a risk of significant delays and business interruption in the event of unforeseen circumstances;
- Without a risk register there may be specific risks not adequately addressed or managed
- Without a regularly updated agreement with the Shire's IT consultant there is an increased risk of services provided by the IT consultant not meeting the current needs of the Shire.
- Excessive super-user access increases the risk of inappropriate segregation of duties and unauthorised changes which could result in errors or the perpetration of fraud.

Recommendation

We recommend:

- A documented cyber security policy and associated procedures and plans be developed and communicated to all staff
- A disaster recovery plan be developed, documented and periodically tested to ensure that in the event of a disaster, appropriate action can be taken
- The Shire include IT related risks in their current risk register ensuring all current IT risks are considered and documented
- A new updated agreement with the external IT consultant be developed and signed by both parties
- Super-user access is reviewed and limited to only minimal staff.

SHIRE OF YALGOO

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE AUDIT

Management comment

A new IT agreement was entered into in late 2025 and Administration reviewed system access at that time. The process has begun to address policy and plan recommendations but will take time to complete, due to the move to a new accounting system and backlog of work.

Responsible person CFO
Completed date: 31 December 2026

SHIRE OF YALGOO

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE AUDIT

4. Masterfile accuracy and validity

Finding

Our review of the supplier, employee, asset and customer masterfile controls found that there was no evidence of audit trail reviews being performed by an independent reviewer. We tested ten samples of changes in the supplier master file during the year, all of which lacked evidence of independent review and sign-off of changes. We acknowledge that review procedures were subsequently implemented after the current year. Based on our testing, no errors or fraudulent activity were identified.

This finding was first raised in 2019.

Rating: Significant (2024: Significant)

Implication

There is an increased risk that:

- Changes to the master files are not made on a timely basis
- Errors made when updating master files are not detected
- Fraudulent changes made to master files are not detected

Recommendation

We recommend that management ensure audit trail reviews of masterfile changes are consistently performed and documented by an independent reviewer. A periodic monitoring process should be implemented to confirm that reviews occur in a timely manner, and management may consider system-based controls such as automated alerts or access restrictions to strengthen oversight.

Management comment

With additional staff resourcing this has been resolved.

Responsible person: CEO
Completion date: 31 December 2025

SHIRE OF YALGOO

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE AUDIT

5. Credit card procedures

Finding

From our review of 100% of the CEO credit card statements during the financial year, it was noted that none were independently reviewed by the Shire President.

This finding was first raised in the 2023 audit, which was completed in February 2026.

Rating: Significant (2024: Significant)

Implication

Risk that error or fraud may not been detected on a timely basis.

Recommendation

We recommend that the credit card statements of the CEO are reviewed and signed as evidence of this independent review by the Shire President.

Management comment

Administration notes that the Shire President must receive permission from the Council or CEO and agree to act administratively for this to occur as it does not fall within the defined role of a Councillor or President. The Shire President has reviewed and signed all credit card statements since July 2025, prior to this and since all statements were independently reviewed and processed by Shire employees, other than the CEO, and a list of all transactions were provided to Council as per Financial Management Regulations.

Responsible person: CEO
Completion date: 1 July 2025

SHIRE OF YALGOO

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE AUDIT

6. Out-of-date government documents

Finding

During our testing, we identified:

7. The risk register does not encompass any financial risks that may be relevant to the Shire.
8. Risk Management Policy and Plan refers to the incorrect standard (AS/ISO 31000:2019 instead of AS/ISO 31000:2018)

As reported through the Financial Management Review process, several key governance documents require significant updates, including the following:

- The Asset management plan, workforce plan and long-term financial plan are overdue for review.
- The Corporate Business Plan was adopted in September 2013 and has not been reviewed annually as required by Section 6.2.2 of the *Local Government Act 1995* and Section 19DA (4) of the Local Government (Financial Management) Regulations 1996.
- Risk Management Plan has not been reviewed annually as required by the Risk Management Policy.

This finding regarding governance documents was first raised in 2019 regarding missing policies and procedures.

Rating: Moderate (2024: Significant for Policies and Procedures)

Implication

Outdated or incomplete policies and plans increase the risk of inconsistent application of procedures and non-compliance with legislative, regulatory and internal control requirements. The lack of clear and current guidance may result in inappropriate procurement practices, non-compliance with financial management regulations, governance deficiencies, and increased exposure to fraud or error due to unclear responsibilities.

Recommendation

We recommend that the Shire complete a comprehensive review of all policies and plans to ensure they are accurate, aligned with current legislative requirements, and reflective of current operational practices. Updated policies and plans should be formally approved, communicated to staff, and incorporated into a structured periodic review cycle to maintain their ongoing relevance. Management should also prioritise updating key governance documents.

Management comment

In past years the organisation has found our existing long-term plans to be adequate and still relevant. They will be provided to Council on a more regular and scheduled basis. A comprehensive review of the Shires Corporate business plan has started in 2026. This was originally delayed due to changes proposed in 2024 amendments to the Local Government Act 1995. As there is no known timeframe for these changes Administration is carrying out reviews of existing Integrated Strategic Planning documents. The Risk Register is also currently being reviewed.

Responsible person: CEO
Completion date: 31 December 2026

SHIRE OF YALGOO

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE AUDIT

7. Payroll exceptions

Finding

Of the 10 employee files we sampled, the following exceptions were noted:

- One employee's contract could not be located
- Two employees had unsigned contracts
- One employee's contract was signed seven days after their commencement date

Findings in respect to payroll were first raised in the 2019 audit.

Rating: Moderate (2024: Moderate)

Implication

Without signed employee contracts being obtained and retained prior to an employee commencing with the Shire, there is an increased risk of employment terms and conditions not being enforceable which could result in disputes and expose the Shire to potential legal or industrial relations issues.

Recommendations

We recommend that Shire strengthen their controls over the onboarding process to ensure all employment contracts are signed, dated, and filed prior to an employee's start date. A centralised register or periodic review of employee files should be implemented to confirm that complete and properly executed documentation is maintained for all staff. Management should also consider providing any necessary training to ensure consistent compliance with documentation requirements.

Management comment

While it is stated that this finding was first raised in 2019 the findings and recommendation are substantively different. Training has been provided to staff to check exceptions such as those detailed.

Responsible person: CEO
Completion date: 30 April 2026

SHIRE OF YALGOO

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE AUDIT

8. Fuel cards

Finding

Our inquiries during our audit procedures identified that there is currently no fuel card policy and no agreements with employees to set out the appropriate use of fuel cards.

This finding was first raised in the 2023 audit, which was completed in February 2026.

Rating: Minor (2024: Minor)

Implication

Without appropriate policies/agreements in place there is a risk that error, fraud or inappropriate use of fuel cards may not be detected on a timely basis.

Recommendation

We recommend a formal fuel card policy be developed and communicated to all staff, and that all staff that are issued a fuel card sign an agreement that sets out the appropriate use of the card.

Management comment

While a code of conduct existed for staff, a fuel card policy has now been implemented.

Responsible person: CEO
Completion date: 30 April 2026

SHIRE OF YALGOO

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE AUDIT

9. Termination checklist

Finding

Based on our testing of three samples, we noted that no formal termination checklist completed upon the employee's departure to ensure all tasks relating to the employee's termination have been completed.

This finding was first raised in the 2021 audit.

Risk rating: Minor (2024: Minor)

Implication

Without a checklist in place there is an increased risk that all tasks required to be undertaken for an employee's departure are not all completed. This may result in financial loss or errors from employees not having the correct entitlements paid on departure, assets not being returned, or physical access to Shire property and access to any relevant systems which could result in misappropriation of assets.

Recommendation

We recommend a formal termination checklist be completed and signed off prior to the departure of an employee. This would include where applicable:

- The calculation and payment of any relevant entitlements payable including final pay and any unused leave entitlements.
- Returning any assets owned by the Shire (eg laptop, mobile phone, vehicles)
- Returning any keys or other related devices that give physical access to Shire property including removal or changing of any security alarm codes that the employee has.
- Removing all access of the employee to Shire systems and networks
- Redirecting emails for a period to an alternative employee;
- Updating payroll records to remove the employee from the list of active employees
- Obtaining ongoing contact details

Management comment

An exit interview form is now in place.

Responsible person: CEO
Completion date: 30 April 2026

SHIRE OF YALGOO

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE AUDIT

10. Excessive leave balances

Finding

Our testing identified two employees with annual leave balances exceeding 350 hours each, which is above the Shire's established threshold for acceptable leave accruals.

This issue was first reported in the 2019 audit.

Rating: Minor (2024: Moderate)

Implications

Excessive accrued annual leave balances increase the risk of an adverse impact through excessive liabilities and may also indicate over-reliance on key individuals. It is important for staff to take regular leave for their health and wellbeing and to develop staff to perform the tasks of others. Fraud can also be more easily concealed by staff who do not take leave.

Recommendation

Employees with excessive leave balances should be encouraged and required where possible to take leave within an agreed timeframe to enable.

Management comment

After review, the Shire has worked the leave down over the past few years and will continue to monitor it.

Responsible person: CEO
Completion date: Ongoing

Minutes – Audit Committee Meeting – Friday 30th June 2026

6 URGENT BUSINESS

NIL

7 MEETING CLOSURE

There being no further business the Shire President declared the Audit Committee Meeting closed at 4.51pm.