TOWN of
EAST FREMANTLE

AGENDA

Audit, Risk and Improvement Committee Agenda

Wednesday, 29 July 2026 at 6:00 PM

Procedure for Deputations, Presentations and Public Question Time at Council Meetings

Council thanks you for your participation in Council Meetings and trusts that your input will be beneficial to all parties. Council has a high regard for community input where possible, in its decision making processes.

Deputations A formal process where members of the community request permission to address Council or Committee on an issue.	**Presentations** An occasion where awards or gifts may be accepted by the Council on behalf of the community, when the Council makes a presentation to a worthy recipient or when agencies may present a proposal that will impact on the Local Government.

Procedures for Deputations

The Council allows for members of the public to make a deputation to Council on an issue related to Local Government business.

Notice of deputations need to be received **by 5pm on the day before the meeting** and agreed to by the Presiding Member. Please contact Executive Support Services via telephone on 9339 9339 or email admin@eastfremantle.wa.gov.au to arrange your deputation.

Where a deputation has been agreed to, during the meeting the Presiding Member will call upon the relevant person(s) to come forward and address Council.

A Deputation invited to attend a Council meeting:
(a) is not to exceed five (5) persons, only two (2) of whom may address the Council, although others may respond to specific questions from Members;
(b) is not to address the Council for a period exceeding ten (10) minutes without the agreement of the Council; and
(c) additional members of the deputation may be allowed to speak with the agreement of the Presiding Member.

Council is unlikely to take any action on the matter discussed during the deputation without first considering an officer's report on that subject in a later Council agenda.

Procedure for Presentations

Notice of presentations being accepted by Council on behalf of the community, or agencies presenting a proposal, need to be received by **5pm on the day before the meeting** and agreed to by the Presiding Member. Please contact Executive Support Services via telephone on 9339 9339 or email admin@eastfremantle.wa.gov.au to arrange your presentation.

Where the Council is making a presentation to a worthy recipient, the recipient will be advised in advance and asked to attend the Council meeting to receive the award.

All presentations will be received/awarded by the Mayor or an appropriate Councillor.

Procedure for Public Question Time

The Council extends a warm welcome to you in attending any meeting of the Council. Council is committed to involving the public in its decision making processes whenever possible, and the ability to ask questions during 'Public Question Time' is of critical importance in pursuing this public participation objective.

Council (as required by the ***Local Government Act 1995***) sets aside a period of 'Public Question Time' to enable a member of the public to put up to three (3) questions to Council. Questions should only relate to the business of Council and should not be a statement or personal opinion. Upon receipt of a question from a member of the public, the Mayor may either answer the question or direct it to a Councillor or an Officer to answer, or it will be taken on notice.

Having regard for the requirements and principles of Council, the following procedures will be applied in accordance with the ***Town of East Fremantle Local Government (Council Meetings) Local Law 2016***:

1. Public Questions Time will be limited to fifteen (15) minutes.
2. Public Question Time will be conducted at an Ordinary Meeting of Council immediately following "Responses to Previous Public Questions Taken on Notice".
3. Each member of the public asking a question will be limited to two (2) minutes to ask their question(s).
4. Questions will be limited to three (3) per person.
5. Please state your name and address, and then ask your question.
6. Questions should be submitted to the Chief Executive Officer in writing by **5pm on the day before the meeting and be signed by the author**. This allows for an informed response to be given at the meeting.
7. Questions that have not been submitted in writing by 5pm on the day before the meeting will be responded to if they are straightforward.
8. If any question requires further research prior to an answer being given, the Presiding Member will indicate that the "question will be taken on notice" and a response will be forwarded to the member of the public following the necessary research being undertaken.
9. Where a member of the public provided written questions then the Presiding Member may elect for the questions to be responded to as normal business correspondence.
10. A summary of the question and the answer will be recorded in the minutes of the Council meeting at which the question was asked.

During the meeting, no member of the public may interrupt the meetings proceedings or enter into conversation.

Members of the public shall ensure that their mobile telephone and/or audible pager is not switched on or used during any meeting of the Council.

Members of the public are hereby advised that use of any electronic, visual or audio recording device or instrument to record proceedings of the Council is not permitted without the permission of the Presiding Member.

CONTENTS

NOTICE OF MEETING

Elected Members

An Ordinary Meeting of the Audit, Risk and Improvement Committee will be held on 29 July 2026 at 6:00 PM in the Council Chamber, 135 Canning Highway, East Fremantle and your attendance is requested.

JONATHAN THROSSELL

Chief Executive Officer

AGENDA

1 DECLARATION OF OPENING OF MEETING/ANNOUNCEMENTS OF VISITORS

2 ACKNOWLEDGEMENT OF COUNTRY

"On behalf of the Council I would like to acknowledge the Whadjuk Nyoongar people as the traditional custodians of the land on which this meeting is taking place and pay my respects to Elders past, present and emerging."

3 RECORD OF ATTENDANCE

4 MEMORANDUM OF OUTSTANDING BUSINESS

5 DISCLOSURES OF INTEREST

6 PUBLIC QUESTION TIME

7 PRESENTATIONS/DEPUTATIONS

8 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

8.1 AUDIT, RISK AND IMPROVEMENT COMMITTEE WEDNESDAY, 25 FEBRUARY 2026

OFFICER RECOMMENDATION
That the minutes of the Audit, Risk and Improvement Committee meeting held on Wednesday, 25 February 2026 be confirmed as a true and correct record of proceedings.

8.2 AUDIT, RISK AND IMPROVEMENT COMMITTEE WEDNESDAY, 13 MAY 2026

OFFICER RECOMMENDATION
That the minutes of the Special Audit, Risk and Improvement Committee meeting held on Wednesday, 13 May 2026 be confirmed as a true and correct record of proceedings.

9 ANNOUNCEMENTS BY THE PRESIDING MEMBER

10 REPORTS

Reports start on the next page

10.1 FMR - AUDIT REG 17 REVIEW

Report Reference Number	ACR-997
Prepared by	Peter Kocian, Executive Manager Corporate Services
Supervised by	Jonathan Throssell, Chief Executive Officer
Meeting date	Wednesday, 29 July 2026
Voting requirements	Simple
Documents tabled	Nil

Attachments

1. Moore Presentation (Confidential)
2. Financial Management and Audit Regulation 17 Review – June 2026 – Final Report (Confidential)
3. FMR – Audit Regulation 17 Findings Register and Risk Assessment (Confidential)

PURPOSE

The purpose of this report is for the Audit, Risk and Improvement Committee to note the completion of the Town's Financial Management and Audit Regulation 17 Review, receive the final report and findings register, and note that Moore Australia will attend the meeting to provide a short presentation on the review outcomes.

EXECUTIVE SUMMARY

Moore Australia was engaged to undertake an independent review of the appropriateness and effectiveness of the Town's systems and procedures relating to financial management, legislative compliance, internal controls and risk management.

The review has now been completed and the final report is presented to the Committee for consideration. Moore Australia's independent auditor, Tanya Browning, Director, will attend the ARIC meeting and provide a short presentation summarising the review approach, key observations and recommended improvements.

The review identified 37 improvement items across the assessed framework areas, comprising 5 prioritised actions and 32 planned actions. These findings will be incorporated into the Town's consolidated status report and presented to the Committee for ongoing monitoring and oversight.

BACKGROUND

Regulation 17 of the Local Government (Audit) Regulations 1996 requires the Chief Executive Officer to review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal controls, legislative compliance and financial management, and report the results of that review to the Audit, Risk and Improvement Committee.

The review was undertaken by Moore Australia and assessed the Town's framework against the design, implementation and evaluation elements of AS ISO 31000:2018 risk management principles. The review also considered the Town's financial management systems and procedures, including procurement, payments, payroll, transaction cards, fixed assets, budget and budget review processes, financial reporting and related controls.

CONSULTATION

Consultation occurred with the Chief Executive Officer, Executive Leadership Team members, relevant staff and Moore Australia as part of the review process.

STATUTORY ENVIRONMENT

Local Government Act 1995
Local Government (Audit) Regulations 1996, Regulation 17

POLICY IMPLICATIONS

The review identifies a number of policy-related improvement actions, including policy review processes, purchasing card controls, policy references to legislation, and clarification of operational matters within Council policies.

FINANCIAL IMPLICATIONS

There are no direct financial implications arising from receipt of this report. Implementation of improvement actions will be managed through existing resources where possible, with any additional resourcing requirements to be considered through normal budget processes.

STRATEGIC IMPLICATIONS

Strategic Priority 5 – Leadership and Governance
5.1 Strengthen organisational accountability and transparency. 5.3 Strive for excellence in leadership and governance.

RISK IMPLICATIONS

RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
That findings from the Financial Management and Audit Regulation 17 Review are not implemented or monitored in a timely manner.	Possible	Moderate	Moderate	Compliance	Incorporate findings into the consolidated status report and report progress to the Audit, Risk and Improvement Committee for ongoing monitoring.

RISK MATRIX

Consequence / Likelihood		Insignificant 1	Minor 2	Moderate 3	Major 4	Extreme 5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	9
Does this item need to be added to the Town's Risk Register	Yes
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not applicable.

COMMENT

The final report concludes that the Town has documented systems, procedures and controls in place across financial management, risk management, legislative compliance and internal controls. The review also identifies opportunities to strengthen the consistency, documentation and monitoring of those systems.

Framework Area	Prioritised Actions	Planned Actions	Summary of Findings
Design – Policies	1	5	Policy review, currency of legislative references, operational content in policies and purchasing card controls.
Implementation – Strategic and Operational Plans	0	4	Council Plan adoption timing, business continuity testing, code of conduct updates and Governance Framework review.
Implementation – Operational and Financial Procedures	3	9	Risk procedures, procedure change controls, approval evidence, procurement, contract management, recordkeeping, annual reporting and public notice processes.

Implementation – Human Resources Management and Practices	0	1	Centralised training matrix and monitoring of licences, qualifications and role-based training requirements.
Evaluation – Council and Audit, Risk and Improvement Committee	0	4	Monthly financial reporting and list of payments accuracy, variance explanations and compliance with reporting requirements.
Evaluation – Strategic and Operational Registers	1	7	Contracts register, portable and attractive assets, tender register, delegations, financial interests, risk registers, hazardous materials and swimming pool inspections.
Evaluation – Complaint Handling	0	1	Record of information about conduct to reflect legislative changes.
Evaluation – Audit Practices	0	1	Consideration of expanded internal audit activity as documented procedures mature.
Total	**5**	**32**	**37 improvement items identified.**

CONCLUSION

The completed review provides an independent assessment of the Town's financial management, risk management, internal control and legislative compliance systems. The findings provide a clear program of prioritised and planned improvements that will be incorporated into the consolidated status report for ongoing ARIC monitoring.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution Choose an item.Click or tap to enter a date.

OFFICER RECOMMENDATION

That the Audit, Risk and Improvement Committee recommend Council:

1. **receives the Financial Management and Audit Regulation 17 Review – June 2026 – Final Report;**
2. **notes the presentation to be provided by Moore Australia at the Audit, Risk and Improvement Committee meeting;**
3. **notes the findings identified through the review, comprising 5 prioritised actions and 32 planned actions; and**
4. **notes that the findings will be incorporated into the consolidated status report for ongoing monitoring by the Audit, Risk and Improvement Committee.**

REPORT ATTACHMENTS

Attachments start on the next page

Attachments -1-3

Confidential Attachments

10.2 2607 CONSOLIDATED STATUS REPORT

Report Reference Number	ACR-980
Prepared by	Peter Kocian, Executive Manager Corporate Services
Supervised by	Jonathan Throssell, Chief Executive Officer
Meeting date	Wednesday, 29 July 2026
Voting requirements	Simple
Documents tabled	Nil

Attachments

1. Consolidated Status Report – Confidential

PURPOSE

The purpose of this report is for the Audit, Risk and Improvement Committee to receive the updated Consolidated Status Report and note the status of audit, risk, internal control and compliance findings currently being monitored by the Town.

EXECUTIVE SUMMARY

The Consolidated Status Report has been updated to incorporate findings arising from the recent Financial Management and Audit Regulation 17 Review, together with the 2025 Interim Financial Audit, Final Financial Audit and Information Systems Audit findings.

The remaining findings included in the previous status report have now been superseded by the findings from the Financial Management and Audit Regulation 17 Review. This provides a more current and comprehensive basis for tracking management actions and reporting progress to the Committee.

BACKGROUND

The Consolidated Status Report is maintained as a standing report to assist the Committee in monitoring outstanding matters relevant to its Terms of Reference. The report captures findings and agreed management actions arising from external audits, financial management reviews, Regulation 17 reviews, information systems audits, internal audits and other assurance activities.

The recent Financial Management and Audit Regulation 17 Review identified a broader suite of findings relating to governance, risk management, internal controls, legislative compliance, financial management practices, registers, policies and operational procedures. As a result, the status report has been refreshed so that the Committee's oversight is focused on the most current assurance findings.

CONSULTATION

Executive Leadership Team
Responsible officers identified in the Consolidated Status Report

STATUTORY ENVIRONMENT

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the Chief Executive Officer to review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance, and to report the results of that review to the Audit, Risk and Improvement Committee.

The *Local Government (Financial Management) Regulations 1996* require the Chief Executive Officer to undertake reviews of the appropriateness and effectiveness of financial management systems and procedures. Findings arising from these reviews are included in the Consolidated Status Report for monitoring and oversight.

POLICY IMPLICATIONS

There are no direct policy implications arising from this report. Several findings relate to the review and updating of Council policies, administrative procedures and governance documents, and these will be progressed through the responsible officers identified in the Consolidated Status Report.

FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the Officer's Recommendation. Implementation of some management actions may require officer time, external advice or budget allocation, depending on the nature of the action required.

STRATEGIC IMPLICATIONS

Strategic Priority 5: Leadership and Governance.
5.1 Strengthen organisational accountability and transparency.
5.3 Strive for excellence in leadership and governance.

RISK IMPLICATIONS

RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
That audit, financial management, internal control or legislative compliance findings are not actioned in a timely manner.	Possible	Moderate	Moderate	Compliance / Governance	Ongoing monitoring by the Audit, Risk and Improvement Committee through the Consolidated Status Report and regular reporting by responsible officers.

RISK MATRIX

Consequence / Likelihood		Insignificant	Minor	Moderate	Major	Extreme
		1	**2**	**3**	**4**	**5**
Almost Certain	**5**	**Moderate (5)**	**High (10)**	**High (15)**	**Extreme (20)**	**Extreme (25)**
Likely	**4**	**Low (4)**	**Moderate (8)**	**High (12)**	**High (16)**	**Extreme (20)**

Possible	**3**	**Low (3)**	**Moderate (6)**	**Moderate (9)**	**High (12)**	**High (15)**
Unlikely	**2**	**Low (2)**	**Low (4)**	**Moderate (6)**	**Moderate (8)**	**High (10)**
Rare	**1**	**Low (1)**	**Low (2)**	**Low (3)**	**Low (4)**	**Moderate (5)**

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	9
Does this item need to be added to the Town's Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not applicable.

COMMENT

The Consolidated Status Report has been updated to include findings from the recent Financial Management and Audit Regulation 17 Review, together with findings from the 2025 Interim Financial Audit, Final Financial Audit and Information Systems Audit.

The remaining audit findings reported in the previous status report have been superseded by the findings from the recent Financial Management and Audit Regulation 17 Review. This approach avoids duplication and ensures that the Committee is monitoring the current control improvement program against the most recent and comprehensive review of the Town's systems and procedures.

The total findings now being monitored through the Consolidated Status Report are summarised below.

Review / Audit Source	Total Findings	Significant / High	Moderate / Medium	Minor / Low
Financial Management and Audit Regulation 17 Review	37	6	31	0
Interim Financial Audit	1	0	0	1
Final Financial Audit	5	1	3	1
Information Systems Audit	7	0	1	6
Total	**50**	**7**	**35**	**8**

The Financial Management and Audit Regulation 17 Review findings use the Town's risk categories of High, Medium and Low. The external audit findings use the audit ratings of Significant, Moderate and Minor. For presentation purposes, these categories have been aligned in the table above.

CONCLUSION

The Consolidated Status Report provides the Committee with a current overview of outstanding audit, risk, internal control, financial management and compliance findings. The updated report reflects the most recent assurance activity and provides a practical mechanism for monitoring management actions through to completion.

It is recommended that the Committee receive the updated Consolidated Status Report and note that the previous outstanding findings have been superseded by the findings from the recent Financial Management and Audit Regulation 17 Review.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution **Choose an item.Click or tap to enter a date.**

OFFICER RECOMMENDATION

That the Audit, Risk and Improvement Committee:

1. **Receives the updated Consolidated Status Report.**
2. **Notes that the remaining audit findings reported in the previous status report have been superseded by the findings from the recent Financial Management and Audit Regulation 17 Review.**
3. **Notes the summary of findings from the Financial Management and Audit Regulation 17 Review, Interim Financial Audit, Final Financial Audit and Information Systems Audit.**
4. **Notes that the Consolidated Status Report will be presented as a standing item to the Audit, Risk and Improvement Committee for ongoing monitoring and review.**

REPORT ATTACHMENTS

Attachments start on the next page

Attachment 1

Confidential Attachment

10.3 2607 EAST FREMANTLE COMMUNITY PARK - AUDIT UPDATE

Report Reference Number	ACR-994
Prepared by	Peter Kocian, Executive Manager Corporate Services
Supervised by	Jonathan Throssell, Chief Executive Officer
Meeting date	Wednesday, 29 July 2026
Voting requirements	Simple
Documents tabled	Nil

Attachments

1. Outward Correspondence to Belgravia Leisure Dated 21 May 2026 (Confidential)
2. Inward Correspondence from Belgravia Leisure Dated 15 June 2026 (Confidential)
3. Outward Correspondence to Belgravia Leisure Dated 25 June 2026 (Confidential)

PURPOSE

The purpose of this report is for the Audit, Risk and Improvement Committee to receive an update on the East Fremantle Community Park (EFCP) audit matters considered at the Special Audit, Risk and Improvement Committee Meeting held on 13 May 2026, the subsequent Notice of Concern process, and the correspondence between the Town and Belgravia Leisure since that meeting.

The report also provides a chronology of key correspondence and summarises the corrective actions and monitoring arrangements now proposed for the 2025/26 EFCP financial reporting and audit cycle.

EXECUTIVE SUMMARY

The 2024/25 external audit identified a number of matters associated with the financial reporting and audit treatment of East Fremantle Community Park (EFCP). While the Office of the Auditor General issued an unmodified audit opinion, the audit included an emphasis of matter relating to the restatement of comparative balances associated with EFCP, and the audit timetable was extended due to the additional accounting, consolidation and component audit work required.

Following consideration of these matters by the Audit, Risk and Improvement Committee at its Special Meeting on 13 May 2026, the Town issued a Notice of Concern to Belgravia Leisure on 21 May 2026. Belgravia Leisure responded on 15 June 2026 with an Audit Improvement Plan – EFCP Financial Reporting and Audit Compliance.

The Improvement Plan sets out proposed corrective actions relating to financial governance, audit readiness, reporting milestones, progress monitoring and escalation. Key milestones for the 2025/26 audit cycle include provision of the draft EFCP Special Purpose Financial Report and detailed transaction listing by 30 August 2026, and completion of the EFCP component audit for submission to the Office of the Auditor General by 30 September 2026.

The Town accepted the Improvement Plan by letter dated 25 June 2026, subject to important qualifications and expectations. Acceptance of the Improvement Plan does not waive, vary or replace any contractual requirement, right, remedy or position available to the Town under the Operator Agreement, including the requirement for a stand-alone EFCP bank account.

The response stage required by the Notice of Concern is now considered closed, subject to Belgravia Leisure's ongoing compliance with the Improvement Plan. The underlying matters will continue to be monitored through the agreed audit program, fortnightly audit progress meetings, milestone tracking, progress reporting and any further governance processes required under the Operator Agreement.

BACKGROUND

The external audit for the year ended 30 June 2025 experienced delays primarily associated with the audit and financial reporting implications of EFCP operations. The May ARIC agenda item advised that the Office of the Auditor General received the Town's initial draft financial statements on 23 September 2025 and an updated audit-ready version on 24 October 2025, which incorporated EFCP transactions and related accounting treatment, including the need to restate comparative balances.

The additional audit work included assessment of the principal-agent conclusion, consolidation and restatement procedures, and component audit oversight. The Town sought and obtained delegated Ministerial approval to extend the statutory deadline for submission of the 2024/25 Annual Financial Report to 31 October 2025. The Office of the Auditor General's audit fee invoice also reflected additional audit effort primarily relating to EFCP accounting assessment, consolidation/restatement work and component audit oversight.

The May ARIC report identified the following key audit and governance issues relevant to EFCP:

- the need to incorporate EFCP operations into the Town's annual financial reporting process;
- the need for a component audit process to support the Office of the Auditor General's group audit procedures;
- management letter findings relating to EFCP contract and financial oversight arrangements;
- the risk that the Town's audit timetable may be delayed because completion of the EFCP component audit is dependent on Belgravia Leisure and its external/component auditor;
- the need for a formalised EFCP audit timetable, clear milestones and regular progress checkpoints; and
- the need to monitor management letter findings through the Audit, Risk and Improvement Committee Status Report until matters are satisfactorily resolved.

The agreed 2025/26 EFCP audit timetable requires Belgravia Leisure to provide the Town with a draft Special Purpose Financial Report, including Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Equity, together with a detailed transaction listing, by 30 August 2026. The EFCP component audit file is to be submitted by HLB Mann Judd to the Office of the Auditor General by 30 September 2026.

Following the May ARIC meeting, the Town issued a Notice of Concern to Belgravia Leisure on 21 May 2026. The Notice of Concern process was intended to formally respond to the matters raised through the audit process and require Belgravia Leisure to address the financial governance, audit readiness, reporting and monitoring issues identified.

Belgravia Leisure provided a formal response dated 15 June 2026, accompanied by an Audit Improvement Plan – EFCP Financial Reporting and Audit Compliance. The response confirmed that Belgravia Leisure takes the matters raised seriously and is committed to meeting the agreed reporting and audit milestones.

The Town subsequently wrote to Belgravia Leisure on 25 June 2026 accepting the Improvement Plan as Belgravia Leisure's proposed corrective action plan, subject to qualifications and expectations. The Town's letter confirmed that acceptance of the Improvement Plan does not waive or vary any contractual requirement under the Operator Agreement, including the Town's position on the requirement for a separate EFCP bank account.

CONSULTATION

Consultation has occurred with:

- Belgravia Leisure;
- Office of the Auditor General;
- HLB Mann Judd, as Belgravia Leisure's component auditor;
- Audit, Risk and Improvement Committee members through the May ARIC meeting and subsequent flying minute process;
- Chief Executive Officer; and
- Executive Manager Corporate Services.

STATUTORY ENVIRONMENT

Section 6.4 of the Local Government Act 1995 requires local governments to prepare an annual financial report for the preceding financial year in the manner and form prescribed.

Local governments are required to submit the annual financial report to their auditor by 30 September.

The EFCP audit timetable and Improvement Plan are intended to support the Town's compliance with its annual financial reporting and audit obligations, including the statutory audit submission timeframe and the timely completion of audit processes.

POLICY IMPLICATIONS

There are no Council Policies directly relevant to this item.

FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the recommendation in this report.

However, the May ARIC report noted that the Office of the Auditor General's audit invoice for the year ended 30 June 2025 included additional audit fees of $29,131.00, primarily relating to EFCP accounting assessment, consolidation/restatement work and component audit oversight. The extended audit process also created additional internal administrative and financial reporting effort.

Implementation of the Improvement Plan is intended to reduce the likelihood of repeated audit delays, additional audit effort and avoidable cost in future reporting periods. This will be achieved through earlier preparation of audit documentation, clearer audit milestones, formal progress tracking, defined escalation processes and regular engagement between Belgravia Leisure, the Town and relevant audit parties.

STRATEGIC IMPLICATIONS

Town of East Fremantle Strategic Community Plan – Strategic Priority 5: Leadership and Governance
5.1 Strengthen organisational accountability and transparency
5.3 Strive for excellence in leadership and governance

RISK IMPLICATIONS

RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
That the Town's 2025/26 audit timetable is delayed because completion of the EFCP component audit is dependent on Belgravia Leisure and its external/component auditor.	Likely (4)	Major (4)	High (16)	Governance/Compliance	Monitor implementation of the accepted Improvement Plan, including provision of the draft EFCP Special Purpose Financial Report and detailed transaction listing by 30 August 2026 and completion of the EFCP component audit file for submission to the Office of the Auditor General by 30 September 2026. Require fortnightly progress meetings, milestone tracking, early notification of slippage and escalation where milestones are at risk.
That financial governance and control matters identified through the EFCP audit process	Possible (3)	Major (4)	High (12)	Governance/Compliance	Require Belgravia Leisure to implement the Improvement

are not adequately remediated, resulting in repeat findings or continued control weaknesses.					Plan in full and provide evidence that corrective actions and controls are operating effectively. Continue monitoring through the Audit, Risk and Improvement Committee Status Report, contract governance processes and audit progress reporting.
That acceptance of the Improvement Plan is interpreted as waiving, varying or permanently replacing the contractual requirement for a separate EFCP bank account.	Possible (3)	Moderate (3)	Moderate (9)	Governance/Complianc e	Maintain the Town's express reservation of rights under the Operator Agreement. Reassess the separate bank account matter following completion of the 2025/26 audit program, having regard to audit outcomes and any findings relating to income completeness, financial reporting or related governance controls.

RISK MATRIX

Consequence / Likelihood		Insignificant	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	High (16)
Does this item need to be added to the Town's Risk Register	Yes
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not applicable.

COMMENT

May ARIC Meeting and Subsequent Process

At the May ARIC meeting, the Committee considered the completed external audit for the year ended 30 June 2025, including the Annual Financial Report, Independent Auditor's Report and audit management letters. The audit opinion was unmodified; however, the audit included an emphasis of matter in relation to the restatement of comparative balances associated with EFCP.

The May report noted that the 2024/25 audit timetable had been extended because of the additional work required to assess the accounting treatment for EFCP, incorporate EFCP transactions into the Town's financial statements, assess the principal-agent conclusion, and complete the required consolidation/restatement and component audit oversight procedures.

The May report also identified the need to manage the risk of future audit delay by implementing a formalised reporting and audit timetable for EFCP. Belgravia Leisure had committed to providing the draft EFCP Special Purpose Financial Report and detailed transaction listing by 30 August 2026, with the EFCP component audit file to be submitted to the Office of the Auditor General by 30 September 2026.

Following the May ARIC meeting, the Town issued a Notice of Concern to Belgravia Leisure on 21 May 2026. The purpose of the Notice was to formally raise concerns relating to EFCP financial governance, audit readiness, reporting obligations and the risk of repeated audit delay.

Chronology of Correspondence and Key Events Since the May ARIC Meeting

Date	Correspondence/Event	Parties	Key Points
13 May 2026	Special ARIC Meeting considers Audit Report and Management Letters for year ended 30 June 2025.	Audit, Risk and Improvement Committee; Town officers	The Committee considered the completed external audit, including the unmodified audit opinion, emphasis of matter regarding EFCP comparative restatement, management letter findings and the need to monitor EFCP audit risks.
21 May 2026	Town issues Notice of Concern to Belgravia Leisure.	Town of East Fremantle; Belgravia Leisure	The Notice formally raised matters relating to EFCP financial governance, audit readiness, reporting obligations and the risk of future audit delay.
15 June 2026	Belgravia Leisure provides formal response and Audit Improvement Plan – EFCP Financial Reporting and Audit Compliance.	Belgravia Leisure; Town of East Fremantle	Belgravia Leisure acknowledged the matters raised, confirmed that it takes the concerns seriously, and committed to meeting agreed audit and reporting milestones. The response included an Improvement Plan addressing four key issue areas.
17 June 2026	Town circulates Belgravia Leisure's response and Improvement Plan to ARIC members by confidential email and seeks feedback by flying minute.	Town officers; ARIC members; Chief Executive Officer	ARIC members were advised that the Notice of Concern had been issued, Belgravia's formal response and Improvement Plan had been received, and the key consideration was whether a Special Meeting on 24 June 2026 was required or whether the matter could be deferred to the ordinary ARIC meeting on 29 July 2026.
25 June 2026	Town issues letter to Belgravia Leisure: East Fremantle Community Park – Notice of Concern and Improvement Plan.	Town of East Fremantle; Belgravia Leisure	The Town accepted the Improvement Plan, expressly reserved its rights under the Operator Agreement, did not waive the separate bank account requirement, required full implementation and evidence of controls, and required fortnightly audit progress meetings and immediate notification of milestone risks.

The Town has expressly reserved its position in relation to the contractual requirement for a stand-alone EFCP bank account. While the Town acknowledges Belgravia Leisure's proposed compensating controls, acceptance of the Improvement Plan should not be taken as agreement that those controls permanently replace, satisfy or vary the requirement for a separate EFCP bank account. This matter will be reassessed following completion of the 2025/26 audit program, having regard to audit outcomes and any findings or control deficiencies relating to income completeness, financial reporting or related governance controls.

Subject to Belgravia Leisure's ongoing compliance with the Improvement Plan and the Town's expectations, the response stage required by the Notice of Concern is considered closed. The underlying matters will continue to be monitored through the agreed audit program, progress reporting framework, Audit, Risk and Improvement Committee Status Report and any further governance processes required under the Operator Agreement.

CONCLUSION

The Notice of Concern process has resulted in Belgravia Leisure providing a formal response and Improvement Plan addressing the EFCP audit, financial reporting and governance matters raised following the 2024/25 audit process and the May ARIC meeting.

The Improvement Plan provides a framework for addressing audit readiness, financial reporting timeliness, supporting documentation, progress monitoring and escalation during the 2025/26 audit cycle. The Town has accepted the Improvement Plan as Belgravia Leisure's proposed corrective action plan, subject to express qualifications, including the Town's reservation of rights under the Operator Agreement and its position on the separate EFCP bank account requirement. The key focus is now implementation. The Town will monitor delivery against the agreed milestones, require evidence that controls are operating effectively, hold fortnightly audit progress meetings during the July to September audit period, and escalate any emerging issues that may affect the timely completion of the 2025/26 audit.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution Choose an item.Click or tap to enter a date.

OFFICER RECOMMENDATION

That the Audit, Risk and Improvement Committee recommend Council:

1. **Receives the update on the East Fremantle Community Park audit matters, Notice of Concern process and subsequent correspondence with Belgravia Leisure.**
2. **Notes that the Town issued a Notice of Concern to Belgravia Leisure on 21 May 2026 following the audit matters considered at the Special Audit, Risk and Improvement Committee Meeting held on 13 May 2026.**
3. **Notes Belgravia Leisure's response dated 15 June 2026 and accompanying Audit Improvement Plan – EFCP Financial Reporting and Audit Compliance.**
4. **Notes that the Town has accepted the Improvement Plan as Belgravia Leisure's proposed corrective action plan, subject to the qualifications and expectations set out in the Town's letter dated 25 June 2026.**
5. **Notes that the Town's acceptance of the Improvement Plan does not constitute a waiver of any contractual requirement, right, remedy or position available to the Town under the Operator Agreement, including the contractual requirement for the establishment and operation of a stand-alone EFCP bank account.**
6. **Notes that the Town will reassess the separate EFCP bank account matter following completion of the 2025/26 audit program, having regard to audit outcomes and any findings or control deficiencies identified in relation to income completeness, financial reporting or related governance controls.**
7. **Notes the agreed 2025-26 EFCP audit milestones, including provision of the draft Special Purpose Financial Report and detailed transaction listing by 30 August 2026 and completion**

of the EFCP component audit for submission to the Office of the Auditor General by 30 September 2026.

8. **Notes that implementation of the Improvement Plan will be monitored through fortnightly audit progress meetings, milestone tracking, progress reporting, the Audit, Risk and Improvement Committee Status Report and any further governance processes required under the Operator Agreement.**
9. **Requests the Chief Executive Officer provide a further update to the Audit, Risk and Improvement Committee following the 30 September 2026 EFCP component audit milestone, or earlier if any material milestone, deliverable, control activity or audit requirement is at risk of not being met.**

REPORT ATTACHMENTS

Attachments start on the next page

Attachments -1-3

Confidential Attachments

10.4 2607 STRATEGIC ICT PLAN

Report Reference Number	ACR-986
Prepared by	Bron Browning Manager Corporate Services
Supervised by	Peter Kocian Executive Manager Corporate Services
Meeting date	Wednesday, 29 July 2026
Voting requirements	Simple Majority
Documents tabled	
Attachments	

1. Strategic ICT Plan 2025-2029 (Confidential)

PURPOSE

To present the Strategic ICT Plan 2025–2029 to Council for adoption as the Town's guiding information and communications technology strategy, and to note the associated four-year ICT budget estimates that will continue to be refined through the annual budget process.

EXECUTIVE SUMMARY

The Strategic ICT Plan 2025–2029 provides the Town's medium-term direction for technology investment, cyber security, business systems, infrastructure and digital service improvement.

The plan is required to support a more coordinated transition from legacy and on-premises arrangements toward secure, resilient and fit-for-purpose technology services. Its principal themes are a cloud-first approach to modernisation, uplift of cyber security capability, preparation for replacement of the Town's enterprise resource planning platform, improved collaboration and information governance through Microsoft 365, and modernisation of communications systems.

Adoption of the plan will provide a clear governance framework for prioritising ICT investment and sequencing delivery, while the associated four-year budget estimates will support forward planning and annual budget development without committing Council to all future expenditure in advance.

BACKGROUND

The Town has prepared the Strategic ICT Plan 2025–2029 to guide its technology direction over the next four years. The plan documents the current ICT environment, identifies key risks and opportunities, and outlines future-state initiatives across governance, business applications, infrastructure, cyber security, business continuity and project delivery.

It responds to the need for a coordinated roadmap that supports the progressive modernisation of ageing systems, strengthens cyber resilience and reduces reliance on ad hoc ICT investment decisions. It is intended to support the Town's integrated planning and reporting framework by aligning ICT priorities with organisational service delivery needs and future budget planning.

CONSULTATION

The Strategic ICT Plan has been developed through internal review of the Town's current ICT environment, service requirements, risks and future needs. Implementation of specific initiatives arising from the plan will involve further consultation with relevant business units, service providers and stakeholders as required.

STATUTORY ENVIRONMENT

The Strategic ICT Plan is relevant to the Town's obligations under the *Local Government Act 1995* and *Local Government (Functions and General) Regulations 1996*, particularly in relation to sound financial management, procurement, recordkeeping, risk management, governance and the effective administration of local government operations.

POLICY IMPLICATIONS

Implementation of the Strategic ICT Plan will need to align with relevant Town policies and procedures, including those relating to procurement, records and information management, cyber security, privacy, risk management, business continuity and the use of corporate information systems.

FINANCIAL IMPLICATIONS

The Strategic ICT Plan includes four-year budget estimates for the period 2025–26 to 2028–29. The estimated annual totals, excluding GST, are $481,027 in 2025–26, $559,465 in 2026–27, $487,840 in 2027–28 and $503,177 in 2028–29.

These figures include a combination of business-as-usual ICT operating costs and proposed project or uplift initiatives. The 2026–27 year represents a step-up in investment associated with cyber security uplift, ERP transition planning, network improvements and telephony modernisation.

The four-year funding allocations have been rolled into the Town's Long Term Financial Plan to support forward financial planning and alignment with the integrated planning and reporting framework. The estimates are indicative only and do not commit Council to all future expenditure. Individual initiatives will remain subject to annual budget approval, procurement requirements, vendor pricing changes and further business case development where required.

STRATEGIC IMPLICATIONS

The Strategic ICT Plan 2025–2029 supports the Town's broader integrated planning and reporting framework by enabling efficient, secure and sustainable service delivery. The plan contributes to sound governance, organisational capability, resilience, and continuous improvement in the systems and processes that support delivery of Council's objectives.

RISK IMPLICATIONS

RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
Without a clear strategic ICT framework, investment decisions may become fragmented, resulting in delayed modernisation, increased	Possible (3)	Minor (2)	Moderate (5-9)	SERVICE INTERRUPTION Short term temporary interruption -	Accept Officer Recommendation

cyber exposure and continued reliance on ageing systems. Delivery risks include internal capacity constraints, competing organisational priorities, cost escalation, vendor dependency and staff change fatigue.				backlog cleared <1 day	

RISK MATRIX

Consequence / Likelihood		Insignificant	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Almost Certain	**5**	**Moderate (5)**	**High (10)**	**High (15)**	**Extreme (20)**	**Extreme (25)**
Likely	**4**	**Low (4)**	**Moderate (8)**	**High (12)**	**High (16)**	**Extreme (20)**
Possible	**3**	**Low (3)**	**Moderate (6)**	**Moderate (9)**	**High (12)**	**High (15)**
Unlikely	**2**	**Low (2)**	**Low (4)**	**Moderate (6)**	**Moderate (8)**	**High (10)**
Rare	**1**	**Low (1)**	**Low (2)**	**Low (3)**	**Low (4)**	**Moderate (5)**

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	6
Does this item need to be added to the Town's Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

N/A

COMMENT

The plan identifies that the Town's ICT environment is at a transition point. A number of core systems and services currently rely on legacy or on-premises arrangements that create ongoing support overheads and resilience risks. In response, the Strategic ICT Plan proposes a staged transition toward cloud-based and software-as-a-service solutions where appropriate, supported by stronger governance and cyber security controls.

A major focus of the plan is cyber security uplift. Priority actions include transitioning endpoint protection to Microsoft Defender, implementing additional security operations capability, improving data loss prevention and classification controls, maintaining vulnerability management and penetration testing activities, and strengthening contractor remote access arrangements. These initiatives are intended to reduce the Town's exposure to cyber threats, improve compliance maturity and support business continuity.

The plan also identifies the need for business systems transformation, particularly in relation to the Town's enterprise resource planning environment. Funding has been identified for 2026–27 planning and consultancy work to support a future ERP replacement, with implementation currently anticipated in 2027–28. In addition, the plan supports improved business intelligence and reporting capability through dashboarding and analytics, and increased use of collaboration platforms such as SharePoint and Teams to strengthen document management, version control and staff collaboration.

The communications and infrastructure components of the plan focus on maintaining resilient network performance and modernising telephony. This includes local area network upgrades, review of internet service arrangements, and transition planning for Microsoft Teams Calling. Collectively, these initiatives are intended to maintain reliable service delivery, reduce reliance on ageing infrastructure and support a more flexible and contemporary workplace environment.

CONCLUSION

The Strategic ICT Plan 2025–2029 establishes a clear roadmap for strengthening the Town's ICT capability over the next four years. It provides a structured basis for future decision-making, helps prioritise investment in cyber security, business systems and infrastructure, and supports the Town's broader operational and governance objectives. Adoption of the plan will assist Council in providing strategic direction, while recognising that individual initiatives and associated funding decisions will continue to be considered through normal budget and procurement processes.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution Choose an item.Click or tap to enter a date.

OFFICER RECOMMENDATION

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

1. **adopts the Strategic ICT Plan 2025–2029 as the Town's guiding information and communications technology strategy;**
2. **notes the plan's consolidated four-year ICT budget estimates for 2025–26 to 2028–29, noting that the figures are indicative, exclude GST and will be reviewed annually through the budget process;**
3. **confirms the priority delivery focus for 2026–27 as:**
   (a) cyber security and compliance uplift; and
   (b) ERP transition readiness

REPORT ATTACHMENTS

Attachments start on the next page

Confidential Attachment

10.5 2607 IT DISASTER RECOVERY TEST

Report Reference Number	ACR-992
Prepared by	Peter Kocian, Executive Manager Corporate Services
Supervised by	Jonathan Throssell, Chief Executive Officer
Meeting date	Wednesday, 29 July 2026
Voting requirements	Simple
Documents tabled	Nil

Attachments

1. IT Disaster Recovery Plan (Confidential)
2. Annual IT DR Checklist (Confidential)

PURPOSE

The purpose of this report is to provide the Audit, Risk and Improvement Committee with an overview of the Town's current Information Technology Disaster Recovery Plan (last review 2025) and the outcome of the annual IT Disaster Recovery test undertaken on 24 June 2026.

EXECUTIVE SUMMARY

The Town's Information Technology Disaster Recovery Plan sets out the arrangements, roles, responsibilities and procedures for responding to a significant outage affecting the Town's core information technology and telecommunications services. The Plan is intended to support the timely restoration of critical systems and data following a declared disaster or extended outage.

Focus Networks completed the annual IT Disaster Recovery test using a parallel test methodology in an isolated environment. The test confirmed that core server recovery processes, network share presentation, client access to key systems, and selected Microsoft 365 backup visibility were successfully demonstrated.

The test restored 3,205.5 GB of data from a recovery point of 22 June 2026 at 8:01 PM, with a total test duration of 2 hours and 11 minutes.

BACKGROUND

The IT Disaster Recovery Plan was updated and released in June 2025. It defines a disaster as an event that significantly reduces the Town's ability to provide normal services, with an outage to core IT systems exceeding 24 hours typically deemed to constitute a disaster.

The Plan covers information technology and telecommunications services and does not replace broader business continuity arrangements for non-IT business operations.

The Plan identifies the Chief Executive Officer as having primary authority to declare a disaster and activate the Plan, with the Executive Manager Corporate Services authorised to act if the Chief Executive Officer is unavailable. It also establishes the Crisis Management Team structure, including the Management Team, Recovery Team and Facility Team, and assigns responsibilities for recovery coordination, communications, facility restoration, server recovery and vendor liaison.

CONSULTATION

The annual IT Disaster Recovery test was facilitated by Focus Networks, with attendance from Focus Networks representatives Todd Koeppler and Jason Langoulant and Town representatives Bron Browning and Peter Kocian. The test was conducted from Focus Networks' Victoria Park office and via Microsoft Teams.
Town officers participated in application validation steps including access to the terminal server, SynergySoft, network drive mappings, recent file data, Switchvox and Microsoft 365 backup visibility.

STATUTORY ENVIRONMENT

The Local Government (Audit) Regulations 1996 require the Audit, Risk and Improvement Committee to support Council in relation to risk management, internal control and legislative compliance. The Disaster Recovery Plan and annual testing process form part of the Town's broader internal control and risk management framework for information technology resilience.

POLICY IMPLICATIONS

The Disaster Recovery Plan supports the Town's risk management, business continuity and information technology governance arrangements. The Plan is required to be reviewed biannually, or following significant business or technology change, to ensure recovery objectives, contact information, roles and technical procedures remain current.

FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report. Costs associated with maintaining managed recovery services, backup capability and annual testing are met through existing information technology operating budgets.

STRATEGIC IMPLICATIONS

The Disaster Recovery Plan supports the Town's strategic objective of maintaining effective governance, responsible asset and information management, and continuity of critical services to the community.

RISK IMPLICATIONS

RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
Loss of access to core information technology systems and data due to disaster, cyber incident, infrastructure failure or extended outage, resulting in service interruption, delayed financial and administrative processing,	Possible	Major	High	Service interruption / Information technology	Maintain and annually test the IT Disaster Recovery Plan; retain managed recovery and backup services; review recovery notes and test limitations; update documentation following significant

reduced customer service capability and reputational impact.					technology or business change.

RISK MATRIX

Consequence / Likelihood		Insignificant	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Almost Certain	**5**	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	**4**	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	**3**	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	**2**	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	**1**	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	High
Does this item need to be added to the Town's Risk Register	Yes
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not applicable. This report relates to a desktop review of the Disaster Recovery Plan and the outcome of the annual IT Disaster Recovery test, rather than a physical site inspection.

COMMENT

The annual test provides assurance that the Town's managed recovery environment can restore key virtual servers and enable validation of core business access in an isolated environment. The successful recovery of server infrastructure, network shares and selected application access is a positive control outcome.

CONCLUSION

The Disaster Recovery Plan provides a structured framework for responding to a significant IT outage or disaster affecting the Town's core systems. The annual IT Disaster Recovery test was successfully completed and demonstrated that the Town's recovery arrangements are operating as intended for the systems and processes tested.

It is recommended that the Committee note the Plan and the test outcome.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution **Choose an item.Click or tap to enter a date.**

OFFICER RECOMMENDATION

That the Audit, Risk and Improvement Committee recommend Council:

1. **NOTES the overview of the Town's Information Technology Disaster Recovery Plan;**
2. **NOTES that the annual IT Disaster Recovery test was undertaken on 24 June 2026 and was successfully completed using a parallel test methodology in an isolated environment;**
3. **NOTES that the test restored 3,205.5 GB of data from a recovery point of 22 June 2026 at 8:01 PM, with a total test duration of 2 hours and 11 minutes.**

REPORT ATTACHMENTS

Attachments start on the next page

Confidential Attachments

10.6 2607 REVALUATION REPORT - INFRASTRUCTURE ASSETS

Report Reference Number	ACR-988
Prepared by	Peter Kocian, Executive Manager Corporate Services
Supervised by	Jonathan Throssell, Chief Executive Officer
Meeting date	Wednesday, 29 July 2026
Voting requirements	Simple
Documents tabled	Nil
Attachments	Nil

PURPOSE

The purpose of this report is to provide the Audit, Risk and Improvement Committee with an overview of the asset revaluation requirements applying to Western Australian local governments, the Town's current revaluation cycle and the key matters to be managed through the 2025/26 infrastructure revaluation.

EXECUTIVE SUMMARY

This report outlines the asset revaluation requirements applying to Western Australian local governments, how the Town's current framework addresses those requirements, and the key gaps and risks to be managed through the 2025/26 infrastructure revaluation.

The key requirement is that relevant assets must be reported at their reportable value, being fair value at the last valuation date less subsequent accumulated depreciation and accumulated impairment losses where applicable. The regulatory framework requires these assets to be revalued every five years, although a local government may choose to revalue earlier.

The Town's land and building assets were last independently revalued by JLL as at 30 June 2023, with the next revaluation due in 2027/28.

Infrastructure assets were last externally revalued by Talis Consultants as at 30 June 2021, with a management indexation review applied in 2023. The next full infrastructure revaluation is due in 2025/26.

Plant and equipment, furniture and equipment, and right-of-use assets are measured under the cost model and are not subject to the five-year fair value revaluation cycle.

The Department's non-financial asset valuation guidance makes clear that asset valuation is an ongoing governance process, not solely an external valuer exercise or five-year compliance task. Local governments remain accountable for complete and accurate asset information, appropriate valuation assumptions, quality supporting evidence, documented management review and an audit-ready valuation working file.

In summary, the Town's framework substantially addresses the regulatory requirements through its five-year revaluation cycle, annual review of accounting estimates, use of external valuers, asset register processes and planned comprehensive infrastructure revaluation.

The main gaps and risks relate to timely completion of the 2025/26 infrastructure revaluation, validation and reconciliation of asset data, confirmation of condition and remaining useful life assumptions, audit suitability of the methodology and retention of sufficient management review evidence.

BACKGROUND

Asset valuations are a significant accounting estimate for local governments because they directly affect the statement of financial position, depreciation expense, asset sustainability indicators, long-term financial planning assumptions and the annual audit process. The valuation process therefore needs to be managed as a governance and internal control process, not only as a periodic valuation exercise.

The Town maintains asset classes covering land, buildings, infrastructure, plant and equipment, furniture and equipment, and right-of-use assets. The accounting treatment differs by asset class.

Land, buildings and infrastructure are subject to the revaluation model where Regulation 17A applies.

Plant and equipment, furniture and equipment and right-of-use assets are generally measured using the cost model, with useful lives, residual values, depreciation methods and impairment indicators reviewed as part of year-end financial reporting procedures.

CONSULTATION

Internal consultation occurs between Finance and Operations to confirm asset additions, disposals, capital works, contributed assets, condition information and impairment indicators.

External valuers are engaged where required to undertake independent valuations of prescribed asset classes.

The annual audit process also provides independent scrutiny of valuation methodology, asset register integrity and management review of accounting estimates.

STATUTORY ENVIRONMENT

The principal statutory and accounting framework includes the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996*, Australian Accounting Standards, including AASB 116 Property, Plant and Equipment, AASB 136 Impairment of Assets, AASB 140 Investment Property and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Regulation 17A requires local governments to report land and buildings, infrastructure, investment property and controlled vested improvements at reportable value. Reportable value is fair value at the last valuation date less subsequent accumulated depreciation and accumulated impairment losses, where applicable. Plant and equipment-type assets and most right-of-use assets are measured using the cost model in accordance with Australian Accounting Standards.

AASB 116 requires the residual value, useful life and depreciation method of an asset to be reviewed at least at each financial year-end. Where expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate under AASB 108.

The Department’s guide explains that Western Australian local governments must apply both Australian Accounting Standards and the Local Government (Financial Management) Regulations 1996. Where there is an inconsistency, the Regulations prevail to the extent of that inconsistency. This is particularly relevant to Regulation 17A, which establishes the five-year revaluation cycle for prescribed non-financial assets.

The guide also clarifies that a local government is not required to assess whether fair value has materially changed in intervening years for the purpose of triggering a revaluation of Regulation 17A assets, unless it chooses to revalue earlier. However, annual review of useful lives, residual values, depreciation methods and impairment indicators remains required under Australian Accounting Standards and year-end financial reporting procedures.

POLICY IMPLICATIONS

The Department's guide expects local governments to maintain a documented valuation strategy and governance framework for non-financial asset valuations. The Town's asset accounting policies, capitalisation thresholds, asset management plans and financial reporting procedures should therefore continue to support compliance with Regulation 17A, Australian Accounting Standards and better practice recommendations. This includes clear roles and responsibilities, documented review procedures, asset register reconciliations, quality assurance over valuation assumptions and audit-ready working papers.

FINANCIAL IMPLICATIONS

Asset revaluations may result in material movements in asset carrying values, depreciation expense and revaluation reserves. They may also identify changes to remaining useful lives, componentisation, condition assessments or asset quantities. These changes can affect the Town's annual financial statements, asset sustainability ratio, long-term financial plan and renewal funding requirements.

STRATEGIC IMPLICATIONS

Sound asset valuation and asset management practices support the Town's strategic financial planning, responsible stewardship of community assets, transparent reporting and evidence-based renewal planning.

RISK IMPLICATIONS

RISKS

Key risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
The 2025/26 infrastructure revaluation is a key focus area in the OAG Audit Plan and will be subject to detailed audit review because of the high value of assets, significant valuation judgement and reliance on management and external expert estimates. If the valuation is not completed on time, or is not supported by sufficiently complete, reconciled and auditable asset data, this may	Possible	Moderate	Moderate	Financial management, compliance and governance	Maintain a documented project timetable, reconcile asset registers to the general ledger and asset management systems, require physical inspection and targeted verification, review valuer qualifications and assumptions, document management review, maintain evidence supporting key judgements and retain a complete valuation working file capable of supporting OAG audit review.

result in audit findings, delayed financial reporting, misstated asset values, unreliable renewal planning or increased risk of audit qualification.					

RISK MATRIX

Consequence / Likelihood		Insignificant	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Almost Certain	**5**	**Moderate (5)**	**High (10)**	**High (15)**	**Extreme (20)**	**Extreme (25)**
Likely	**4**	**Low (4)**	**Moderate (8)**	**High (12)**	**High (16)**	**Extreme (20)**
Possible	**3**	**Low (3)**	**Moderate (6)**	**Moderate (9)**	**High (12)**	**High (15)**
Unlikely	**2**	**Low (2)**	**Low (4)**	**Moderate (6)**	**Moderate (8)**	**High (10)**
Rare	**1**	**Low (1)**	**Low (2)**	**Low (3)**	**Low (4)**	**Moderate (5)**

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may relate to objectives such as occupational health and safety, financial performance, service continuity, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any item with a risk rating over 16 will be added to the Town's Risk Register and require a specific risk treatment plan.

RISK RATING

Risk Rating	Moderate
Does this item need to be added to the Town's Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

No site inspection was undertaken for the purpose of preparing this report. However, the 2025/26 infrastructure revaluation RFQ requires physical inspection and verification as part of the valuation engagement, including comprehensive inspection of roads, open-air car parks and park infrastructure assets, targeted validation of footpaths, playgrounds and bus shelters, and documented reliance on drainage inspection data where appropriate.

COMMENT

REQUIREMENTS, TOWN FRAMEWORK, GAPS AND RISKS

The requirements can be considered across four practical areas: statutory valuation requirements, annual accounting estimate reviews, governance and audit evidence, and asset management usefulness.

The Town's framework addresses these areas through its asset class revaluation cycle, annual management review of useful lives, residual values, depreciation methods and impairment indicators, use of independent valuers, documented RFQ scope, asset register reconciliation processes and planned physical inspection and verification for the 2025/26 infrastructure revaluation.

Requirement	How the Town's framework addresses the requirement	Gaps / key risks to manage
Regulation 17A five-year revaluation cycle for prescribed non-financial assets	Land and buildings were independently valued as at 30 June 2023 and are next due in 2027/28. Infrastructure is due for revaluation in 2025/26 and has been procured through a dedicated RFQ.	The 2025/26 infrastructure revaluation must be completed in time to support year-end financial reporting and audit.
Report assets at reportable value or cost model, as applicable	Land, buildings and infrastructure are managed under the revaluation model. Plant and equipment, furniture and equipment and right-of-use assets are managed under the cost model.	Asset classifications, additions, disposals and contributed assets must be confirmed before valuation outputs are finalised.
Annual review of useful lives, residual values, depreciation methods and impairment indicators	Management undertakes an annual review of accounting estimates for each asset class, including useful lives, residual values, depreciation methods and impairment indicators.	Review evidence needs to clearly link asset condition, remaining useful life, renewal assumptions and depreciation outcomes.
Complete and accurate asset data	The RFQ requires validation of asset registers, inventories, quantities, identifiers, hierarchy, componentisation and reconciliation between financial and operational records.	Legacy identifiers, variable GIS alignment and inconsistent componentisation may create reconciliation and audit evidence risk.
Condition evidence and remaining service potential	The RFQ requires comprehensive physical inspection for roads, open-air car parks and park infrastructure, targeted validation for footpaths, playgrounds and bus shelters, and documented reliance on drainage inspection data where appropriate.	Condition data must be sufficiently current, consistent and defensible to support remaining useful life, depreciation and audit reliance.
Valuation methodology and audit reliance	The RFQ requires fair value estimation in accordance with relevant accounting standards, Regulation 17A and audit reliance requirements, including a methodology and assumptions report and availability to respond to audit queries.	Unit rates, componentisation, obsolescence, residual values and professional judgements must be clearly evidenced and reviewed by management.
Asset management and forward works planning	The RFQ includes asset management plan inputs and a minimum 10-year forward works plan to support long-term financial planning and renewal prioritisation.	Forward works outputs need to be practical, integrated with existing plans and capable of informing the Long-Term Financial Plan.

TOWN ASSET CLASSES AND REVALUATION STATUS

Asset class	Measurement basis	Last revaluation / review	Next revaluation / review
Land	Revaluation model	30 June 2023, full valuation by JLL	2027/28
Buildings	Revaluation model	30 June 2023, full valuation by JLL	2027/28
Infrastructure	Revaluation model	30 June 2021, desktop valuation by Talis Consultants; management indexation review applied in 2023	2025/26
Plant and equipment	Cost model	Annual review of useful lives, residual values and depreciation method	Annual review
Furniture and equipment	Cost model	Annual stocktake and year-end estimate review	Annual review

The table demonstrates that the Town has a framework in place to meet the core requirements. Management's focus is therefore on disciplined execution of the 2025/26 infrastructure revaluation project, including timely delivery, defensible inspection evidence, documented management review and a clear audit trail.

The OAG Audit Plan confirms that property, plant and equipment and infrastructure will be an area of significant audit attention in 2025/26. OAG's planned procedures include testing key controls, considering the qualifications and expertise of valuation experts, assessing key judgements and inputs, performing analytical procedures over depreciation, testing additions and disposals, reviewing management's impairment assessment and considering the impact of new requirements relevant to AASB 13 valuation inputs. The Town's valuation framework and project working file must therefore be capable of supporting detailed external audit scrutiny.

TOWN PROCUREMENT APPROACH — 2025/26 INFRASTRUCTURE REVALUATION

METHODOLOGY REQUIRED BY THE RFQ

The RFQ was structured to procure a comprehensive infrastructure valuation as at 30 June 2026, rather than a desktop review, in response to audit expectations and the age of existing condition data. The scope requires the consultant to validate asset registers, reconcile financial and operational records, confirm asset completeness and componentisation, undertake physical condition assessment where required, prepare fair value estimates in accordance with relevant accounting standards and Regulation 17A, and provide audit-ready methodology, assumptions and supporting schedules. The RFQ places particular emphasis on defensible condition evidence, with full inspections required for roads, open-air car parks and park infrastructure, targeted validation for footpaths, playgrounds and bus shelters, and desktop reliance on drainage data where supported by the 2020 inspection records.

The Department's better practice guidance recommends that infrastructure valuation projects be planned and resourced early to minimise audit delays and allow sufficient time for asset data reconciliation, condition review, valuer engagement, management review of assumptions and finalisation of valuation adjustments.

In this instance, the Town commenced the procurement and valuation process later than the timing recommended in the Department's guidance, which suggests commencing valuation planning in August and aiming to appoint valuers by the end of October.

CONCLUSION

The 2025/26 infrastructure revaluation is the Town's key current asset valuation priority.

The RFQ appropriately responds to the principal gaps and risks by requiring asset data validation, reconciliation, physical condition assessment, fair value estimation, asset management plan inputs, forward works planning and audit liaison.

The methodology requires a comprehensive valuation supported by physical inspection and verification, with full inspection of roads, open-air car parks and park infrastructure assets, targeted validation of footpaths, playgrounds and bus shelters, and desktop reliance on drainage pipe data where supported by the 2020 inspection records.

The remaining risks relate to execution rather than policy design, including delivery against the revised timetable, the quality and completeness of asset data, consistency of condition assessments, reasonableness of unit rates and remaining useful life assumptions, and retention of sufficient management review evidence to support audit reliance.

This risk is heightened by the OAG Audit Plan, which identifies property, plant and equipment and infrastructure as a key audit focus area with increased current-year risk. Management's review of the valuation must therefore be sufficiently detailed to demonstrate that the Town understands and has challenged the key assumptions, inputs, condition data, unit rates, useful lives, residual values, impairment considerations and resulting depreciation outcomes.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution **Choose an item.Click or tap to enter a date.**

OFFICER RECOMMENDATION

That the Audit, Risk and Improvement Committee recommend Council:

1. **Receives the report on asset revaluation requirements for local government and better practice management arrangements.**
2. **Notes that the Town's asset valuation framework is aligned with Regulation 17A, Australian Accounting Standards and the Department's non-financial asset valuation guidance.**
3. **Notes the Town's current asset revaluation cycle, including the scheduled 2025/26 infrastructure revaluation and the 2027/28 land and buildings revaluation.**
4. **Notes the key gaps and risks to be managed, including timely delivery, asset data completeness, reconciliation between financial and operational records, condition evidence, remaining useful life assumptions, unit rates, componentisation and audit reliance.**

REPORT ATTACHMENTS

Nil

10.7 2607 PRIVACY AND RESPONSIBILITY INFORMATION SHARING ACT 2024 IMPLEMENTATION READINESS

Report Reference Number	ACR-1011
Prepared by	Bron Browning, Manager Corporate Services
Supervised by	Peter Kocian, Executive Manager Corporate Services
Meeting date	Wednesday, 29 July 2026
Voting requirements	Simple
Documents tabled	Nil

Attachments

1. PRIS Implementation Project Plan

PURPOSE

To provide the Audit, Risk and Improvement Committee with a short update on the new Western Australian Privacy and Responsible Information Sharing obligations, the Town's current readiness, key risk areas and the proposed plan to achieve and maintain compliance.

EXECUTIVE SUMMARY

The Privacy and Responsible Information Sharing Act 2024 "the PRIS Act" introduces new privacy and responsible information sharing obligations for WA public sector entities, including local governments.

The main privacy and information sharing requirements commenced on 1 July 2026, with serious data breach reporting obligations commencing on 1 January 2027. The Town has commenced implementation and is progressing key readiness actions, including policy development, collection notices, staff awareness, information classification and breach response planning.

ELT has considered the PRIS readiness framework and endorsed development of an Information Classification Policy to support consistent handling of sensitive and confidential information. Further work is required to finalise supporting procedures, embed training, review contracts and establish ongoing monitoring.

The key risks relate to staff awareness, information handling practices, third-party service providers, information sharing decisions, serious data breach preparedness and limitations in the Town's legacy EDRMS.

It is recommended that the Audit, Risk and Improvement Committee note the town's current readiness, the priority risk areas and the proposed compliance plan, with periodic reporting to continue through the town's governance and risk framework.

BACKGROUND

The Privacy and Responsible Information Sharing Act 2024 (WA) establishes Western Australia's first dedicated privacy framework for the public sector and introduces a structured approach to responsible information sharing.

For the Town, the Act requires a shift from general information management practice to a more formal privacy governance model, supported by clear policies, documented procedures, staff training, registers, contract controls and ongoing assurance. This project has been established to coordinate the Town's implementation activities, reduce compliance and reputational risk, and ensure privacy obligations are embedded into day-to-day service delivery.

CONSULTATION

Office of Information Commission
RIS Community of Practice.
DGov PRIS Champions Network
WA Local Government Records Management Group
Executive Leadership Team

STATUTORY ENVIRONMENT

Privacy Responsibility and Information Sharing Act 2024
Information Commissioners Act 2024

POLICY IMPLICATIONS

The PRIS Act requires the Town to update its governance framework for collecting, using, disclosing, storing and protecting personal information.

Priority policy work includes finalising the Privacy Management Plan, Data Breach Response Plan, Information Sharing Procedure, Privacy Impact Assessment process, complaint handling procedure, contract clauses and collection notices.

The Information Classification Policy is a key supporting control. It will help staff identify the sensitivity of information and apply appropriate handling, storage, access and sharing controls. Implementation will be staged because the Town's legacy EDRMS does not fully support automated information labelling or retrospective classification. Existing EDRMS security permissions will continue to be used to restrict access to confidential information.

FINANCIAL IMPLICATIONS

There are no immediate unbudgeted expenditure implications arising from this report. Implementation is expected to be managed primarily within existing operational resources through the Corporate Services team.

Implementation will require staff time and may involve modest operating costs for training, policy development, records mapping, contract review, collection notices and data breach readiness. Any material costs, including external advice, system configuration, cyber security uplift or additional records support, will be managed through normal budget processes and reported to Council if a budget variation is required.

STRATEGIC IMPLICATIONS

Implementation of the PRIS Act supports good governance, accountability, transparency and community trust. It will also improve information management, risk management and compliance across the organisation.

RISK IMPLICATIONS

RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
Non-compliance with PRIS Act commencement requirements and implementation timeframes.	Likely (4)	Major (4)	High (10-16)	COMPLIANCE Non-compliance results in litigation, criminal charges or significant damages or penalties	PRIS Implementation Plan
Lack of staff awareness or inconsistent day-to-day handling of personal information.	Likely (4)	Major (4)	High (10-16)	COMPLIANCE Non-compliance results in litigation, criminal charges or significant damages or penalties	PRIS Implementation Plan
Serious data breach is not identified, escalated, assessed or reported within required timeframes.	Possible (3)	Major (4)	High (10-16)	COMPLIANCE Non-compliance results in litigation, criminal charges or significant damages or penalties	PRIS Implementation Plan
Insufficient resourcing delays implementation or reduces the quality of controls.	Likely (4)	Moderate (3)	High (10-16)	COMPLIANCE Non-compliance results in litigation, criminal charges or significant damages or penalties	PRIS Implementation Plan
Delayed approval or adoption of key policies and procedures.	Likely (4)	Moderate (3)	Moderate (5-9)	COMPLIANCE Non-compliance results in litigation, criminal charges or significant	PRIS Implementation Plan

				damages or penalties	
Third-party service providers handle Town information without adequate privacy, breach notification, information sharing or recordkeeping controls.	Possible (3)	Major (4)	High (10-16)	COMPLIANCE Non-compliance results in litigation, criminal charges or significant damages or penalties	PRIS Implementation Plan
Information sharing requests are approved or refused without a consistent documented assessment.	Possible (3)	Moderate (3)	Moderate (5-9)	COMPLIANCE Non-compliance results in litigation, criminal charges or significant damages or penalties	PRIS Implementation Plan
Privacy complaints, access requests or correction requests are not managed consistently.	Possible (3)	Moderate (3)	Moderate (5-9)	COMPLIANCE Non-compliance results in litigation, criminal charges or significant damages or penalties	PRIS Implementation Plan
Information holdings and personal information flows are not sufficiently mapped.	Likely (4)	Moderate (3)	High (10-16)	COMPLIANCE Non-compliance results in litigation, criminal charges or significant damages or penalties	PRIS Implementation Plan
Legacy EDRMS and related systems do not fully support automated information labelling or retrospective classification of existing records.	Likely (4)	Moderate (3)	High (10-16)	COMPLIANCE Non-compliance results in litigation, criminal charges or significant damages or penalties	Implement the Information Classification Policy through a staged and risk-based approach; configure email labelling where available; use existing EDRMS security permissions to restrict access to confidential and sensitive information; prioritise high-risk information holdings; and align longer-term improvements with ICT,

					ERP and records management system renewal planning.

RISK MATRIX

Consequence / Likelihood		Insignificant	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	16
Does this item need to be added to the Town's Risk Register	Yes
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not applicable

COMMENT

The PRIS Act is a significant governance change for the Town. It creates clearer obligations for how personal information is collected, used, shared, stored and protected.

Implementation is being coordinated through the PRIS readiness framework, with ELT oversight and reporting through the Town's governance and risk framework. Current work is focused on practical controls rather than creating unnecessary administrative burden.

The Information Classification Policy will support PRIS by giving staff a simple framework for identifying sensitive or confidential information and applying appropriate handling and access controls. The Town's legacy EDRMS does not fully support automated information labelling or retrospective classification of all existing records. This will be managed through a staged, risk-based approach, supported by existing EDRMS security permissions that restrict access to confidential information.

A fundamental element of the PRIS Framework is the use of Collection Notices. A Collection Notice is a short privacy statement provided when the Town collects personal information. It explains what information is being collected, why it is needed, how it may be used or disclosed, and who to contact about privacy enquiries. Collection Notices will be communicated to external parties through relevant collection points, including forms, online application processes, customer service interactions, correspondence templates, email footers, public-facing signage and other channels where personal information is collected.

The priority actions are to finalise core documents, implement staff training, prepare for serious data breach reporting, publish collection notices, implement information classification and review third-party arrangements.

CONCLUSION

The Town is progressing PRIS implementation in a structured and risk-based manner. Key policies, procedures, collection notices, registers and training activities are either completed, drafted or underway.

The main implementation risks are staff awareness, breach readiness, third-party arrangements, information classification and legacy system limitations. These are being managed through ELT oversight, staged implementation and periodic reporting to ARIC.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution **Choose an item.Click or tap to enter a date.**

OFFICER RECOMMENDATION

That the Audit, Risk and Improvement Committee notes:

1. **the commencement of the Privacy and Responsible Information Sharing Act 2024 obligations and their impact on the Town's governance, operational and risk management practices;**
2. **the work undertaken to date, including implementation planning, ELT consideration, policy development, collection notices, staff awareness activities, information classification planning and serious data breach readiness;**
3. **the remaining priority activities, including finalising core procedures, implementing staff training, publishing collection notices, reviewing third-party arrangements, progressing information classification and establishing ongoing monitoring and reporting through the Town's governance and risk framework.**

REPORT ATTACHMENTS

Attachments start on the next page

Proposed Project Overview

Request | Plan | Deliver

We Are Here

x

Project Name	PRIS Implementation (Privacy and Responsible Information Sharing Act Compliance)		
Executive Sponsor	Peter Kocian		
Business Owner	Bron Browning		
Prepared By	Bron Browning	Date	January 2026
What is the aim of the project / business problem being addressed	To ensure the Town is fully compliant with the **Privacy and Responsible Information Sharing Act 2024 (WA)**, including the implementation of Information Privacy Principles, lawful information sharing practices, and embedded privacy governance across all business units. This project establishes a structured and compliant approach to implementing the Privacy and Responsible Information Sharing Act 2024 (WA) across the Town of East Fremantle, ensuring legislative compliance, reducing organisational risk, and embedding privacy-aware practices into all service delivery areas.		
Target outcomes	• Full organisational compliance with PRIS Act obligations • Adoption and integration of Information Privacy Principles (IPPs) into all business processes • Establishment of a **Privacy Governance Framework** (policies, procedures, roles) • Staff awareness and capability uplift through training and guidance • Implementation of registers and controls (e.g., data breach register, information sharing register) • Reduced privacy risk exposure and improved public trust		
Outputs	• PRIS Compliance Framework (umbrella document) • Privacy Policy (updated to PRIS requirements) • Information Sharing Procedure • Data Breach Response Plan and Register • Information Asset Register (enhanced for privacy classification) • Privacy Impact Assessment (PIA) template and procedure • Staff training materials and rollout sessions • Public-facing Privacy Notice updates		
Governance and Reporting	• Oversight: Executive Leadership Team (ELT) • Project reporting: Monthly ELT updates • Key approvals: CEO / ELT / Council (as required for policy adoption) • Internal audit / compliance monitoring incorporated		
Resources assigned	Bron Browning, Rhys Edwards, Community and Engagement Team Focus Relative business unit representatives		

TOWN of EAST FREMANTLE

Stakeholders & communication strategy	• ELT and Managers (decision-making and implementation accountability) • All staff (policy adherence and operational compliance) Communication Approach: • Awareness campaign (email, intranet, toolbox sessions) • Targeted training for high-risk areas (customer service, records, ICT) • Regular updates via ELT and team meetings
Assumptions & Constraints	• Assumptions • PRIS legislation timelines remain fixed • Existing governance framework can be adapted rather than rebuilt • Staff capacity available for training and implementation • Constraints • Limited internal resourcing for project delivery • Competing organisational priorities • Dependence on ICT system capability and data quality
Scope	In Scope • Policy and procedure development • Privacy governance framework implementation • Staff training and awareness • Register establishment (breaches, sharing, PIAs) • Review of data handling practices • Integration with records management and PRIS obligations Out of Scope • Legislative changes beyond PRIS Act

TOWN of EAST FREMANTLE

Major Risks and Treatment	Risk	Likelihood	Impact / Consequence	Pre-treatment rating	Principal risk theme	Risk action plan / treatment proposed
	Non-compliance with PRIS Act commencement requirements and implementation timeframes.	Medium	Major	High	Compliance and legislative risk	Maintain a PRIS implementation plan; assign clear accountable officers; finalise priority policies, procedures and registers; monitor State Government guidance; report progress to ELT and the Audit and Risk Committee.
	Lack of staff awareness or inconsistent day-to-day handling of personal information.	Likely	Major	High	People, culture and information management risk	Deliver mandatory awareness training; provide targeted guidance for customer service, records, ICT, regulatory services, community engagement and human resources; issue quick reference materials; reinforce requirements through managers and team meetings.
	Serious data breach is not identified, escalated, assessed or reported within required timeframes.	Medium	Major	High	Cyber security, information security and compliance risk	Finalise the Data Breach Response Plan, notification procedure and data breach register; define escalation roles; test the process through a desktop exercise; align ICT, records, communications and executive decision-making responsibilities before serious data breach reporting commences on 1 January 2027.

	Insufficient resourcing delays implementation or reduces the quality of controls.	Likely	Moderate	High	Resourcing and project delivery risk	Prioritise mandatory and high-risk deliverables; allocate business unit representatives; schedule realistic milestones; escalate resourcing constraints to ELT; consider targeted specialist, legal or ICT support where internal capacity is insufficient.
	Delayed approval or adoption of key policies and procedures.	Medium	Moderate	Medium	Governance and decision-making risk	Sequence policy approvals through ELT, CEO and Council as required; prepare concise briefing papers; identify documents requiring Council adoption; use interim operational procedures where appropriate while formal approvals are progressed.
	Third-party service providers handle Town information without adequate privacy, breach notification, information sharing or recordkeeping controls.	Medium	Major	High	Contract, procurement and supplier risk	Review priority contracts and procurement templates; include privacy, information security, breach reporting, confidentiality, information sharing and recordkeeping clauses; require service providers to notify suspected breaches and unauthorised disclosures promptly.
	Information sharing requests are approved or	Medium	Moderate	Medium	Governance, accountability and	Establish an Information Sharing

TOWN of EAST FREMANTLE

	refused without a consistent documented assessment.				responsible information sharing risk	Procedure, request register, decision template and approval pathway; document lawful authority, purpose, risk assessment, transparency requirements, Aboriginal data considerations where relevant, and conditions of sharing.
	Privacy complaints, access requests or correction requests are not managed consistently.	Medium	Moderate	Medium	Customer service, governance and reputational risk	Finalise complaint handling, access and correction procedures; establish registers and response templates; define roles and escalation points; train customer-facing staff; monitor themes through governance reporting.
	Information holdings and personal information flows are not sufficiently mapped.	Likely	Moderate	High	Information governance and operational risk	Complete the information holdings survey; enhance the Information Asset Register; identify high-risk collections, systems and disclosures; use mapping outcomes to prioritise Privacy Impact Assessments, collection notices, retention controls and security improvements.
Dependencies to other business activities						

TOWN of EAST FREMANTLE

Project Activities and Key Milestones					
Ref ID	**Description**	**Status**	**Action Item completion date**	**Responsibility**	**Commentary**
1	Designate PRIS Champions	Completed	30 April 2023	EMCS/MCS	
2	Designate PRIS Officers	Completed	January 2026	EMCS/MCS	
3	Map PRIS to Agency Values	Drafted		MCS	For ELT Review
4	Attend State Government PRIS Awareness Sessions	Ongoing			
5	Conduct a survey of information holdings	Ongoing			
6	Establish an Information Asset Register	Ongoing			
7	Develop and Publish a Privacy Policy	Drafted			July 2026 Council Concept Forum and Council Meeting
8	Publish an Information Breach Policy	Drafted			
9	Establish an Information Classification Policy	Completed	23/6/2026	EMCS/MCS	Accepted by ELT
10	Roll out Information Classification types on email and provide training to staff	Works assigned to Focus		MCS/Focus	
11	Purchase Classification stamps for hardcopy mail	To be ordered	1/7/2026	MCS	
10	Establish a Register of Data Breaches	Drafted		MCS	For ELT Review
11	Publish Collection Notices on forms, front counter tv, IVR, emails, electronic letterhead, ELMO, Definitiv, Visitor Sign In, Council Chambers	Completed	1/7/2026	MCS	
12	Develop and Publish a Privacy Management Plan	Drafted		MCS	For ELT Review
13	Develop and Publish a Data Breach Response Plan	Drafted		MCS	For ELT Review
14	Review Agency Contracts	Outstanding			
15	Review Retention and Disposal Requirements	Ongoing			
16	Establish procedure for handling and tracking complaints about privacy or responsible information sharing	Drafted		MCS	For ELT Review
17	Establish procedure for individual requests for access to, and correction of, personal information	Drafted		MCS	For ELT Review
18	Establish procedure for handling and tracking information sharing requests and data holding requests	Drafted		MCS	For ELT Review
19	Establish a procedure for data breach notification and reporting	Drafted		MCS	For ELT Review

TOWN of EAST FREMANTLE

Project Activities and Key Milestones

Ref ID	Description	Status	Action Item completion date	Responsibility	Commentary
20	Establish a procedure for conducting Privacy Impact Assessments	Drafted		MCS	For ELT Review
21	Create MOUs with third parties	Outstanding			
22	Establish Monitoring and Reporting	Ongoing			

10.8 2607 REQUISITIONS OVER $50,000

Report Reference Number	ACR-982
Prepared by	Natalie McGill, Senior Finance Officer
Supervised by	Peter Kocian, Executive Manager Corporate Services
Meeting date	Wednesday, 29 July 2026
Voting requirements	Simple
Documents tabled	Nil

Attachments

1. Procurement Review (Confidential)

PURPOSE

The Audit, Risk and Improvement Committee is requested to note the internal audit of requisitions and procurement activity above $50,000 for the relevant financial year.

EXECUTIVE SUMMARY

An internal audit was undertaken to assess whether requisitions, purchase orders and related procurement activity above $50,000 have been undertaken in accordance with the Town's Purchasing Policy, relevant delegations, statutory requirements and sound procurement governance principles. The review also assesses whether controls are operating effectively to support probity, value for money, transparency, segregation of duties, appropriate approval, contract governance and complete recordkeeping.

The audit includes data analysis and sample testing across relevant procurement records. Particular attention is given to risks such as incorrect application of procurement thresholds, insufficient quotation evidence, and approval anomalies.

During the period of review, the Town released **166** purchase orders over $5k (ex GST) for a total of **$3,590,081.44**. Full information is provided as confidential attachment 1, with the level of compliance against the Purchasing Policy or requisitions over $50,000.00 assessed as follows:

Amount (ex GST)	Purchasing Requirement	No. Purchase Orders	No. Compliant with Purchasing Policy or Exempt i.e. Sole Supplier
Over $50,001 and up to $250,000	Attempt to obtain 3 written quotes under a Request for Quotation	10	10
Over $250,000.00	Request for Tender unless exempt	1	1

BACKGROUND

The Internal Audit Work Plan includes a periodic review of procurement compliance to provide assurance to the Committee that purchasing activities are being undertaken in accordance with legislative requirements, Council policy and internal control expectations. The Town's prior internal audit of purchases above $5,000 demonstrated the value of reviewing the full purchase order population against policy thresholds and supporting documentation requirements.

This proposed review focuses on higher value requisitions and procurement activity above $50,000, where the financial, compliance and probity risks are more significant. The audit is intended to provide assurance over the application of quotation and tender requirements, approval pathways, delegated authority and the integrity of records retained to support procurement decisions.

CONSULTATION

Consultation will be undertaken with officers involved in purchasing, finance, governance, contract management and relevant service areas responsible for initiating or approving requisitions above $50,000.

STATUTORY ENVIRONMENT

Section 5.41 of the *Local Government Act 1995* sets out the functions of the Chief Executive Officer, including responsibility for managing the day-to-day operations of the local government and ensuring that Council decisions are implemented. The *Local Government (Financial Management) Regulations 1996* require the Chief Executive Officer to establish and maintain efficient systems and procedures for the proper collection, custody, control and management of money and other assets. Regulation 11A of the *Local Government (Functions and General) Regulations 1996* requires local governments to prepare and adopt a purchasing policy for contracts valued at $250,000 or less.

POLICY IMPLICATIONS

Council's Purchasing Policy applies. The audit will assess whether procurement activity above $50,000 has complied with the relevant purchasing thresholds, quotation or tender requirements, exemption provisions, delegation requirements, recordkeeping expectations and any applicable contract management procedures.

Amount (ex GST)	Purchasing Requirement	Audit Status
Over $50,000 and up to $250,000	Attempt to obtain three written quotes under a Request for Quotation, unless an approved exemption applies.	Fully compliant
Over $250,000	Request for Tender unless a statutory or policy exemption applies.	Fully compliant

FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the preparation of this report.

STRATEGIC IMPLICATIONS

Strategic Priority 5 – Leadership and Governance
5.1 Strengthen organisational accountability and transparency
5.3 Strive for excellence in leadership and governance

RISK IMPLICATIONS

RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
Non-compliance with procurement legislation, Council policy or delegated authority requirements, including incorrect application of procurement thresholds, insufficient quotation evidence, order splitting, inadequate recordkeeping, approval anomalies, unmanaged conflicts of interest, weak contract variation or extension controls, and reduced transparency over high value purchasing decisions.	Possible (3)	Major (4)	High (12)	Compliance / Financial / Reputational	Treat through internal audit testing, management review of exceptions, refresher training where required, strengthened procurement and contract controls, and periodic monitoring of compliance trends.

RISK MATRIX

Consequence / Likelihood		Insignificant	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Almost Certain	**5**	**Moderate (5)**	**High (10)**	**High (15)**	**Extreme (20)**	**Extreme (25)**
Likely	**4**	**Low (4)**	**Moderate (8)**	**High (12)**	**High (16)**	**Extreme (20)**
Possible	**3**	**Low (3)**	**Moderate (6)**	**Moderate (9)**	**High (12)**	**High (15)**
Unlikely	**2**	**Low (2)**	**Low (4)**	**Moderate (6)**	**Moderate (8)**	**High (10)**
Rare	**1**	**Low (1)**	**Low (2)**	**Low (3)**	**Low (4)**	**Moderate (5)**

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	12
Does this item need to be added to the Town's Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not applicable.

COMMENT

The audit is structured to assess both compliance with prescribed purchasing requirements and the broader effectiveness of the procurement control environment. Testing includes analysis of the purchase order population, review of supporting documentation, assessment of quotations or tender processes, confirmation of approval pathways, and review of whether records provide sufficient evidence to support procurement decisions.

Audit Area / Risk	Primary Testing Objective	Results
Threshold circumvention and order splitting	Identify multiple related orders by supplier, date, description or project that may have required aggregation for threshold assessment.	No instances of order splitting were identified
Procurement methodology compliance	Confirm whether the correct number of quotations, RFQ process or tender process was applied for the relevant purchase value.	Fully Compliant.
Delegations and approval controls	Assess whether requisitions, purchase orders, variations were approved by officers with appropriate delegated authority.	Fully Compliant
Recordkeeping and system audit trails	Confirm whether supporting documentation, approvals, audit trails and procurement records are complete, accessible and sufficient to evidence compliance.	Fully Compliant

CONCLUSION

The audit results provides the Committee with assurance over the Town's compliance with procurement requirements for requisitions and procurement activity above $50,000. The review will also assist management to identify any opportunities to strengthen controls, improve consistency in procurement practice, and enhance transparency over high value purchasing decisions.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution **Choose an item.Click or tap to enter a date.**

OFFICER RECOMMENDATION

That the Audit, Risk and Improvement Committee:

1. **notes the results from the internal audit of requisitions and procurement activity above $50,000.**

REPORT ATTACHMENTS

Attachments start on the next page

Attachment 1

Confidential Attachment

10.9 2607 STRATEGIC RISK REGISTER UPDATE

Report Reference Number	ACR-984
Prepared by	Peter Kocian, Executive Manager Corporate Services
Supervised by	Jonathan Throssell, Chief Executive Officer
Meeting date	Wednesday, 29 July 2026
Voting requirements	Simple Majority
Documents tabled	Nil

Attachments

1. Strategic Risk Register (Confidential)

PURPOSE

The purpose of this report is to provide the Audit, Risk and Improvement Committee with an update on the Town's Strategic Risk Register following review by the Executive Leadership Team on 29 June 2026, and to outline current strategic risk themes, residual risk ratings, key controls and proposed management actions.

EXECUTIVE SUMMARY

The Town's Strategic Risk Register has been reviewed by the Executive Leadership Team and updated to reflect current strategic risks, control effectiveness and proposed treatments.

The Register continues to identify a number of inherent risks rated high or extreme; however, the majority of residual risk ratings are assessed as being within the Town's current risk tolerance following consideration of existing controls.

The key residual risk requiring continued ARIC oversight is the performance of East Fremantle Community Park, which remains rated High with a residual rating of 15. Several strategic risks remain subject to active monitoring, including the Fremantle Traffic Bridge closure, climate change impacts, business interruption, contractor and project management, workforce capability, waste management, liquid fuel disruption and cyber security.

BACKGROUND

The Town's Risk Management Framework requires strategic risks to be periodically reviewed to ensure that risk ratings, controls, control effectiveness and management actions remain current and appropriate.

The Strategic Risk Register provides a consolidated view of key strategic risks aligned to the Town's Strategic Community Plan and supports oversight by the Audit, Risk and Improvement Committee.

At its quarterly meeting on 29 June 2026, the Executive Leadership Team reviewed the Strategic Risk Register and reassessed risk ratings. ELT also undertook a snapshot review of the Operational Risk Register and agreed that a more thorough review is required, including further review of treatments and controls once the Operational Risk Register has been updated.

CONSULTATION

Executive Leadership Team

STATUTORY ENVIRONMENT

Regulation 17 of the Local Government (Audit) Regulations 1996 requires the CEO to review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance, at least once every three years, and report the results of that review to Council.

POLICY IMPLICATIONS

Council has adopted Policy 2.2.4 Risk Management.

FINANCIAL IMPLICATIONS

There are no direct financial implications arising from receiving this report. Individual strategic risks may have financial implications where they relate to asset sustainability, service delivery, contract performance, business interruption, waste management, cyber security, East Fremantle Community Park operations or broader financial sustainability matters.

STRATEGIC IMPLICATIONS

Town of East Fremantle Strategic Community Plan:
Strategic Priority 5 – Leadership and Governance

- 5.1.1 Strengthen governance, risk management and compliance
- 5.1.3 Improve the efficiency and effectiveness of services
- 5.3.1 Deliver community outcomes through sustainable finance and human resource management
- 5.3.2 Improve organisational systems with a focus on innovation

RISK IMPLICATIONS

RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
Failure to maintain an effective strategic risk management framework may result in significant risks not being identified, monitored or treated in a timely manner, reducing the Town's ability to meet statutory obligations and manage strategic, financial, service delivery and reputational impacts.	Unlikely (2)	Major (4)	Moderate (8)	Compliance / Service Interruption / Reputation	Continue quarterly ELT review of strategic risks, maintain ARIC oversight of high residual risks and progress the more detailed Operational Risk Register review.

RISK MATRIX

Consequence / Likelihood		Insignificant	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	8
Does this item need to be added to the Town's Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not applicable.

COMMENT

The updated Strategic Risk Register identifies the Town's key strategic risk profiles as Political, Safety and Asset Sustainability, Financial, Commercial, Community and Economic, Political Environment, Governance and Compliance, Human Resource Management, Business Interruption, Climate Change and Environmental Management, Sustainability, Service Interruption, and Security and Confidentiality.

Following review, the Register includes five inherent risks rated Extreme: inability to manage community expectations and alignment with strategic direction; Fremantle Traffic Bridge closure; failure of Council to endorse the Budget or support required rate changes; inadequate performance of East Fremantle Community Park; and failure to plan for and respond to climate impacts.

The current residual risk profile indicates that most risks are assessed as Adequate or Effective after controls are applied. The principal residual risk above the normal monitoring threshold is East Fremantle Community Park performance, which remains rated High with a residual rating of 15. Key controls include the Operator Agreement, performance reporting, sub-lease and licence arrangements, contract management support, independent review activity, the Notice of Concern process, audit controls and review of governance arrangements.

Other material areas for ongoing monitoring include the Fremantle Traffic Bridge closure, where current monitoring indicates no material impact on localised congestion or asset deterioration; business interruption, where a Business Continuity Exercise is scheduled for July 2026; climate change and environmental management, including urban forest mapping and delivery of solar and battery projects; and security and confidentiality, including the ongoing Information Classification project and cyber security controls.

ELT has also noted that the Operational Risk Register requires a more detailed review. The Manager, Corporate Services has been requested to share the current Operational Risk Register with ELT, and Executive members are to review and update their respective risks. Once this review is complete, ELT will further review relevant treatments and controls.

Risk Area	Current Residual Rating	Current Management Focus
East Fremantle Community Park performance	High (15)	Notice of Concern process, audit controls, performance reporting and review of governance arrangements.
Business interruption	Moderate (8)	Records disaster box and Business Continuity Exercise scheduled for July 2026.
Security and confidentiality	Low (4)	Cyber training, vulnerability testing, ICT controls and Information Classification project.

CONCLUSION

The Strategic Risk Register remains an active management tool and has been reviewed by ELT to ensure that strategic risks, residual ratings and treatments remain current. The Register demonstrates that existing controls are generally operating at an adequate level, with East Fremantle Community Park performance remaining the principal high residual risk requiring continued oversight.

The Committee is requested to receive the updated Strategic Risk Register, note the status of current strategic risks and note the planned review of the Operational Risk Register.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution Choose an item.Click or tap to enter a date.

OFFICER RECOMMENDATION

That the Audit, Risk and Improvement Committee recommend Council:

1. **Receives the updated Strategic Risk Register.**
2. **Notes that the Strategic Risk Register was reviewed by the Executive Leadership Team on 29 June 2026.**
3. **Notes that East Fremantle Community Park performance remains the principal high residual strategic risk requiring ongoing monitoring.**
4. **Notes that the Operational Risk Register will be subject to a more detailed Executive Leadership Team review.**

REPORT ATTACHMENTS

Attachments start on the next page

Attachment 1

Confidential Attachment

10.10 2607 RATES COLLECTION PERFORMANCE

Report Reference Number	ACR-990
Prepared by	Richard Olson, Revenue Officer
Supervised by	Peter Kocian, Executive Manager Corporate Services
Meeting date	Wednesday, 29 July 2026
Voting requirements	Simple Majority
Documents tabled	
Attachments	

1. **Rates Collection during 2025/2026**

PURPOSE

Council is requested to receive this summary on debt recovery activities against rateable assessments in arrears for the year ended 30 June 2026.

EXECUTIVE SUMMARY

A Debt Recovery Status Report has been prepared to provide Council with an overview of the outstanding rates and service charges within debt recovery stage and an easy to understand report, covering debt recovery activities undertaken, in accordance with the *Local Government Act 1995* and Council Policy, during the 2025/2026 financial year.

BACKGROUND

The Debt Recovery Status Report provides an overview of how the Town carries out debt recovery in a fair and equitable manner, ensuring the processes of the recovery of outstanding rates and service charges, are subject to Part 6 of the *Local Government Act 1995* and within the guidelines outlined in Policy 2.1.7 Debt Recovery.

Council has adopted a benchmark target of 5% for its outstanding rates ratio.

Corporate Services are required to maintain a monthly status report of recovery action against all rates in arrears of more than one year. The Town of East Fremantle will exercise its debt recovery powers, as outlined in Part 6 of the *Local Government Act 1995*, in order to reduce the overall debt burden on ratepayers. The Town exercises its debt recovery processes by the following guidelines:

- ensuring that debt collection procedures are carried out in a fair and equitable manner;
- making the processes used to recover outstanding debt clear, simple to administer and cost effective;
- transparency by making clear the obligations of its ratepayers to the processes used by Council in ensuring that they meet their financial obligations;
- flexibility by responding where necessary to changes in the local economy;
- ensuring the Town of East Fremantle is compliant with all regulatory obligations;
- upholding recognition from the public and industry for the Town of East Fremantle practices that withstand probity.

<u>Process of the Recovery of Rate and Service Charges</u>

Where the Town has contacted the rates debtor by telephone, email and other means and a payment arrangement has not been entered into, the Town will adopt the following process to recover outstanding rates and service charges due to the Town:

i. Where Rate and Service charges accounts remain outstanding after the prescribed due date, a Reminder Notice is issued requesting full payment within fourteen (14) days.
ii. Where amounts remain outstanding after the expiry date shown on the Reminder Notice, a Final Notice will be issued, requesting payment within 9 days.
iii. Where amounts remain outstanding after the expiry date shown on the Final Notice, a Final Demand letter will be issued requesting payment within 7 days and advising the Town may commence debt recovery processes.
iv. Where the amount of rates outstanding is more than $1000 and no special payment arrangement is in place the Town's Rates Officer will refer the rates account to a debt collection service provider.
v. A second letter of demand is issued by the debt recovery agent advising the rates debtor to make payment within fourteen (14) days.
vi. Where rates remain outstanding and no special payment arrangement is in place, under the guidance of the Town's debt collection service provider, legal action may commence.

The Town may lodge a Minor Case Claim (where the debt is less than $10,000) or a General Procedure Claim (where the debt is $10,000 or more) with the Magistrates Court. Should the debtor not respond within the timeframes established by the Court, default judgment may be requested. Where a General Procedure Claim has been lodged and default judgement requested and granted, a Property Seizure and Sale Order (PSSO) may be lodged. The PSSO authorises the Bailiff to seize and sell as much of the debtor's real or personal property as necessary to satisfy the debt.

The Town engages a debt collection agency and/or legal representative to act on its behalf in taking debt recovery action. Legal costs and expenses incurred by the Town in recovering rates debts will be charged against the rates account and in accordance with the section 6.43 of the *Local Government Act 1995.* Costs incurred are anywhere between $300 to $2000 dependant on situation and type of recovery used.

Where the rates debtor fails to make payment or respond to the recovery activities undertaken, the Town will continue to promote the option of a formal payment arrangement to pay the outstanding monies owed to the Town.

Payment arrangements are facilitated in accordance with section 6.49 of the *Local Government Act 1995*. When considering payment arrangements, the Town will consider all circumstances, applying the principles of fairness and integrity whilst complying with all statutory responsibilities.

A special payment arrangement must be negotiated to reflect a ratepayer's capacity to repay outstanding rates and contain the details of the agreed repayment schedule. In accordance with the 2025/26 Budget resolution, any ratepayer experiencing financial hardship will not be charged an administration fee or penalty interest under a special payment arrangement entered into accepting the financial hardship.

CONSULTATION

Executive Manager of Corporate Services
Consultant - Manager Finance
Revenue Officer

STATUTORY ENVIRONMENT

Regulation 5 of the *Local Government (Financial Management) Regulations 1996* outlines the CEO's duties as to financial management of the local government which includes:

- That efficient systems and procedures are to be established for the proper collection of all money owing to the local government.

Section 6.49 of the *Local Government Act 1995* states that a local government may accept payment of a rate or service charge due and payable by a person in accordance with an agreement made with the person.

POLICY IMPLICATIONS

Council's Debt Collection Policy includes options to recover rates debt where rates are in arrears between one (1) and three (3) years.

Part 6 of this Policy requires management and Council reporting. The Town has adopted a benchmark target of 5% for its outstanding rates ratio. A status report on rates outstanding is required to be presented to Council.

FINANCIAL IMPLICATIONS

There are no Financial Implications resulting from the recommendations of this report.

STRATEGIC IMPLICATIONS

Effective rates collection supports the Town's strategic objective of maintaining sound financial management, responsible governance and sustainable service delivery. Strong collection performance assists in preserving cash flow, reducing reliance on debt recovery action, and ensuring that rate revenue is available to fund Council's adopted priorities, operations and community services.

RISK IMPLICATIONS

RISKS

Risk	Risk Likelihood (based on history & with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk Theme	Risk Action Plan (Controls or Treatment proposed)
Inadequate debt recovery processes will result in excessive bad debts	Unlikely (2)	Major (4)	Moderate (5-9)	FINANCIAL IMPACT $250,001 - $1,000,000	Accept Officer Recommendation
Inefficient use of staff time and financial resources to pursue bad debts	Unlikely (2)	Major (4)	Moderate (5-9)	FINANCIAL IMPACT $250,001 - $1,000,000	Accept Officer Recommendation

RISK MATRIX

Consequence / Likelihood		Insignificant	Minor	Moderate	Major	Extreme
		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives: occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating is provided below. Any items with a risk rating over 16 will be added to the Risk Register, and any item with a risk rating over 16 will require a specific risk treatment plan to be developed.

RISK RATING

Risk Rating	8
Does this item need to be added to the Town's Risk Register	No
Is a Risk Treatment Plan Required	No

SITE INSPECTION

Not Applicable

COMMENT

A summary of rates debt recovery is presented as Attachment 1. The outstanding rates ratio of **0.24%** is favourable compared to the benchmark of 5%. This ratio excludes excess rates and deferred rates which are not due and payable.

Of 3,443 rateable properties (including those with service charges) within the Town, 17 properties will carry forward an outstanding balance (not including deferred rates) into 2026/27. This represents 0.49% of rateable properties.

CONCLUSION

Rate collection for 2025/26 was outstanding and provides a great foundation for the General Revaluation and Waste Charges being applied for the 2026/27 financial year.

CHOOSE AN ITEM. OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Committee Resolution **Choose an item.Click or tap to enter a date.**

OFFICER RECOMMENDATION

That the Audit, Risk and Improvement Committee receive this report on rates collection performance for the 2025/26 financial year.

REPORT ATTACHMENTS

Attachments start on the next page

Attachment -1

Attachment 1

RATES COLLECTION DURING 2025/2026

RATES AND CHARGES LEVIED 2025/2026	$	12,148,768.34
LESS RECEIVED 2025/2026	-$	12,024,591.62
BALANCE OUTSTANDING	**$**	**124,176.72**
PERCENTAGE RECEIVED		98.98%
PERCENTAGE OUTSTANDING		1.02%

RATES AND CHARGES LEVIED 2025/2026	$	12,148,768.34
LESS DEFERRED AT 30 JUNE 2026	-$	95,171.21
TOTAL RECOVERABLE RATES AND CHARGES	$	12,053,597.13
LESS RECEIVED 2025/2026	-$	12,024,591.62
BALANCE OUTSTANDING	**$**	**29,005.51**
PERCENTAGE RECEIVED		-99.76%
PERCENTAGE OUTSTANDING		0.24%

11 MATTERS BEHIND CLOSED DOOR

12 CLOSURE OF MEETING