TOWN of EAST FREMANTLE

AGENDA

Audit, Risk and Improvement Committee Agenda

Wednesday, 25 November 2026 at 6:00 PM

Disclaimer

The purpose of this Council meeting is to discuss and, where possible, make resolutions about items appearing on the agenda.
Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a member or officer, or on the content of any discussion occurring, during the course of the meeting. Persons should be aware that the provisions of the Local Government Act 1995 (section 5.25 (e)) establish procedures for revocation or rescission of a Council decision. No person should rely on the decisions made by Council until formal advice of the Council decision is received by that person.
The Town of East Fremantle expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a member or officer, or the content of any discussion occurring, during the course of the Council meeting.

Copyright

The Town wishes to advise that any plans or documents contained within this Agenda may be subject to copyright law provisions (Copyright Act 1968, as amended) and that the express permission of the copyright owner(s) should be sought prior to their reproduction.

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	Presentations
A formal process where members of the community request permission to address Council or Committee on an issue.	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.

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NOTICE OF MEETING

Elected Members

An Ordinary Meeting of the Audit, Risk and Improvement Committee will be held on 25 November 2026 at 6:00 PM in the Council Chambers, 135 Canning Highway, East Fremantle and your attendance is requested.



PETER KOCIAN

Acting 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, 29 JULY 2026

OFFICER RECOMMENDATION
That the minutes of the Audit, Risk and Improvement Committee meeting held on Wednesday, 29 July 2026 be confirmed as a true and correct record of proceedings.

8.2 SPECIAL AUDIT, RISK AND IMPROVEMENT COMMITTEE WEDNESDAY, 2 SEPTEMBER 2026

OFFICER RECOMMENDATION
That the minutes of the Special Audit, Risk and Improvement Committee meeting held on Wednesday, 2 September 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 2611 AUDIT REPORT AND MANAGEMENT LETTERS FOR YEAR ENDED 30 JUNE 2026

Report Reference Number	ACR-1041
Prepared by	Stacey Hobbins, Acting Executive Manager Corporate Services
Supervised by	Peter Kocian, Acting Chief Executive Officer
Meeting date	Wednesday, 25 November 2026
Voting requirements	Simple Majority
Documents tabled	Nil

Attachments –

1. Annual Financial Report (Audited) for the Year Ended 30 June 2026 – to be tabled at the meeting
2. Independent Auditor's Report 2026 – to be tabled at the meeting
3. Audit Exit Briefing for the Year Ended 30 June 2026 - Confidential Attachment
4. Final Audit Findings for the Year Ended 30 June 2026 – Financial Audit – Confidential Attachment
5. Final Audit Findings for the Year Ended 30 June 2026 – Information Systems Audit Infrastructure Confidential Attachment
6. Condition Assessment and Valuation Report 2026 – Benchmark Consulting WA

PURPOSE

The purpose of this report is for the Audit, Risk and Improvement Committee to receive the Audited Annual Financial Report for the year ended 30 June 2026, inclusive of the Independent Auditor's Report, and to receive the audit management letters issued as part of the 2025/26 external audit process.

EXECUTIVE SUMMARY

The Office of the Auditor General has completed the external audit of the Town's Annual Financial Report for the year ended 30 June 2026 and issued an independent auditor's report with an unmodified opinion.

The 2025/26 audit process was completed within a significantly improved timeframe compared with the previous year, supported by the implementation of agreed reporting and audit arrangements for East Fremantle Community Park (EFCP).

The audit identified ten outstanding management letter findings, comprising one significant, three moderate and six minor findings. These relate to financial management, EFCP operations, infrastructure asset records, policy review, financial reconciliations and information systems controls.

Management has provided responses to the findings, with outstanding actions to be monitored through the Town's Consolidated Status Report and reported to the Audit, Risk and Improvement Committee.

BACKGROUND

The external audit process for the year ended 30 June 2026 progressed in accordance with the agreed timetable, with the financial reporting and audit arrangements implemented for the East Fremantle Community Park (EFCP) operating effectively.

Following the delays experienced during the 2024/25 audit, a formalised annual financial reporting and audit timetable was agreed with Belgravia Leisure to ensure the timely provision of financial information and completion of the EFCP component audit.

The Town received the EFCP Special Purpose Financial Report (SPFR) within the agreed timeframe, enabling the relevant financial information to be incorporated into the Town's 2025/26 Annual Financial Report. The EFCP component audit was also completed by HLB Mann Judd, with the audit file submitted to the Office of the Auditor General of Western Australia in accordance with the agreed timetable.

The improved coordination and adherence to the agreed reporting deadlines addressed the timing issues experienced in the previous year and supported a more streamlined audit process for 2025/26.

CONSULTATION

The Office of the Auditor General
Belgravia Management

STATUTORY ENVIRONMENT

- **Annual Financial Report preparation:** 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 in the *Local Government (Financial Management) Regulations 1996*.
- **Submit annual financial report to auditor:** Local governments are required to submit the annual financial report to its auditor by **30 September** following the end of the financial year, unless an extension is granted by the Minister.
- **Consideration of audit findings:** Section 7.12A requires the local government to examine the audit report; determine whether matters raised require action and ensure appropriate action is undertaken.
- **Reporting and publication of significant audit matters:** Where the auditor identifies significant matters, section 7.12A(4) of the *Local Government Act 1995* requires the local government to prepare a report detailing the actions taken or proposed and provide it to the Minister within **three months** of receiving the audit report. Under section 7.12A(5), the CEO must publish a copy of the report on the Town's official website within **14 days** of its submission to the Minister.
- **Annual Report publication:** Sections 5.53, 5.54 and 5.55 require the local government to prepare an Annual Report, incorporating the audited Annual Financial Report and auditor's report, and accept it by absolute majority by **31 December**, subject to the statutory provisions where the auditor's report is not available in time. Under section 5.55A, the CEO must publish the Annual Report on the Town's official website within **14 days** after it is accepted by Council.

POLICY IMPLICATIONS

There are no Council Policies relevant to this item.

FINANCIAL IMPLICATIONS

The Office of the Auditor General has advised an indicative audit fee of **$72,000 (excluding GST)** for the year ended 30 June 2026, representing a 3% increase on the prior year's indicative fee of $69,875.

The indicative fee excludes any additional costs associated with the component audit of the East Fremantle Community Park (EFCP) financial report. The OAG has advised that any additional fees will be communicated once determined.

The final audit fee for 2025/26 is yet to be confirmed, with the Town awaiting the final invoice from the OAG.

STRATEGIC IMPLICATIONS

The Annual Financial Report, Independent Auditor's Report and Audit Management Letters for the year ended 30 June 2026 provide Council with independent assurance over the Town's financial reporting and financial management practices, while identifying opportunities to strengthen internal controls, risk management and governance. This aligns with the Council Plan as follows:

10.1 Strive for excellence in leadership and governance, including sustainable financial, human resource, asset and risk management.

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 management letter findings may not be actioned in a timely manner, resulting in repeat findings and ongoing control weaknesses.	Possible (3)	Moderate (3)	Moderate (5-9)	COMPLIANCE Minor regulatory or statutory impact	Maintain a consolidated Audit, Risk and Improvement Committee Status Report with clear owners, target dates and progress updates for each finding. Require exception reporting of overdue items each meeting, prioritise higher-rated findings, and close items only once evidence of implementation is confirmed.

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 Office of the Auditor General (OAG) has undertaken its annual financial and information systems audits of the Town of East Fremantle for the year ended 30 June 2026 and issued an unmodified audit opinion.

The audit process provides independent assurance over the Town's financial reporting, internal controls and governance arrangements, while identifying opportunities for ongoing improvement.

Annual Financial Report and Financial Audit
The Town's Annual Financial Report for the year ended 30 June 2026 was prepared and submitted to the OAG within the statutory timeframe.

Following the complexities experienced in the previous financial year relating to the East Fremantle Community Park (EFCP), improved reporting and audit arrangements were implemented for 2025/26. The EFCP Special Purpose Financial Report was received within the agreed timeframe, allowing the relevant financial information to be incorporated into the Town's Annual Financial Report. The EFCP component audit was also completed and submitted to the OAG in accordance with the agreed timetable.

The final financial audit management letter identifies six outstanding findings, comprising:

- One significant finding relating to the absence of a separate bank account for EFCP operations.
- Three moderate findings relating to EFCP cash and banking reconciliations, the EFCP cashflow loan balance, and the completeness and existence of infrastructure assets.
- Two minor findings relating to policy review and the documentation of monthly financial reconciliation reviews.

The audit also identified an unadjusted difference of $134,443 relating to the derecognition of infrastructure assets through the revaluation surplus rather than recognising a loss on disposal. The OAG agreed with management's assessment that this difference was not material to the financial statements.

The Town acknowledges the significance of the outstanding finding relating to the absence of a separate bank account for EFCP operations and is committed to resolving this matter by 30 June 2027. In accordance

with the management response provided to the OAG, the Town will formally require Belgravia Leisure to establish and operate a dedicated bank account for EFCP, ensuring compliance with the Operator Agreement and improving financial transparency and accountability.

Establishing a dedicated bank account is also expected to assist in addressing the two related moderate findings concerning cash and banking reconciliations and the cashflow loan balance. This will provide greater visibility of EFCP financial transactions and support the implementation of improved reconciliation and reporting processes.

The Town also recognises the importance of maintaining the improvements achieved in the 2025/26 audit process. Management will seek formal agreement from Belgravia Leisure to maintain the reporting and audit deadlines established this year, to support the timely completion of future annual financial reporting and audit requirements.

Management has provided responses to the audit findings, which will be monitored through the Town's Consolidated Status Report.

Infrastructure Asset Revaluation

During 2025/26, the Town undertook a comprehensive independent revaluation of its infrastructure assets, incorporating an assessment of asset condition, useful lives and current replacement costs.

The revaluation resulted in an increase of $33.01 million in the carrying value of infrastructure assets, which has been recognised through the asset revaluation surplus. This contributed to an increase in the total written-down value of infrastructure assets from $51.36 million at 30 June 2025 to $83.71 million at 30 June 2026, after accounting for additions and depreciation.

The increase primarily reflects updated replacement costs and asset valuation inputs, rather than additional expenditure on infrastructure during the financial year. The revaluation increment is recognised in other comprehensive income and does not impact the Town's operating result or cash position.

The revaluation increase was predominantly attributable to roads ($23.91 million), footpaths and cycleways ($5.18 million) and car parks ($2.54 million). These movements reflect updated replacement costs, together with revised asset condition assessments and remaining useful lives.

The independent valuation incorporated updated construction costs based on current market information and industry benchmarks. Condition assessments also identified improvements in some asset classes, particularly roads and footpaths, resulting in revised estimates of remaining useful lives.

The revaluation is expected to result in an increase in annual infrastructure depreciation expense of approximately $1 million, reflecting the higher asset values and revised remaining useful lives. While depreciation is a non-cash expense, this increase will have a material impact on the Town's future operating results and financial sustainability indicators. The revised depreciation expense will need to be incorporated into future budgets and the Long Term Financial Plan.

The revaluation increment is a non-cash movement recognised through the asset revaluation surplus and does not impact the Town's operating result for 2025/26.

As part of the revaluation, a review of the Town's infrastructure asset records identified historical discrepancies relating to asset existence, ownership and location. The OAG subsequently raised a moderate audit finding relating to the completeness and existence of infrastructure assets. In particular:

- 29 asset records, with a total written-down value of $134,443, were identified as relating to assets that no longer existed ($100,116) or were not owned by the Town ($34,327).
- Approximately 88% of the 1,259 existing parks asset records did not contain location details sufficient to enable verification by the external valuer.
- The revaluation process resulted in a revised parks asset inventory comprising 390 asset records, partly reflecting changes in asset grouping and measurement.

The revaluation has provided the Town with a significantly improved infrastructure asset inventory, including more comprehensive asset identification and location information. Management will continue to maintain and update the asset register as assets are acquired, disposed of or replaced, with further verification undertaken as part of future asset revaluation processes.

The independent Infrastructure Condition Assessment and Valuation Report 2026, prepared by Benchmark Consulting WA, is provided as an attachment for the Committee's information.

Financial Performance and Year-End Surplus

The Town's Annual Financial Report for the year ended 30 June 2026 recorded a net operating result of ($230,226), compared with a budgeted deficit of ($336,465), representing a favourable variance of $106,239.

The Statement of Financial Activity reported a closing municipal surplus of $1,455,285 at 30 June 2026, compared with the estimated brought-forward surplus of $62,837 included in the adopted 2026/27 Annual Budget.

The higher-than-anticipated closing surplus was primarily attributable to a combination of favourable operating results and the timing of capital expenditure, grant funding and reserve transfers. Key contributing factors included:

- The advance receipt of approximately $270,000 in Financial Assistance Grants funding.
- Higher than budgeted interest revenue of approximately $200,000.
- Savings in operating expenditure.
- Capital works not completed by 30 June 2026, with expenditure carried forward into the 2026/27 financial year.
- Timing differences relating to capital grant receipts and associated reserve transfers.

The closing surplus represents the Town's year-end funding position for budgetary purposes and should not be interpreted as an equivalent amount of additional discretionary funds available for expenditure.

Allocation of the 2025/26 Surplus

Budget variations have since been adopted for 2026/27 to address capital and operating projects carried forward from 2025/26, together with additional priorities identified since adoption of the Annual Budget.

Following allowance for the proposed budget variations, an unallocated surplus of $465,439 remains for Council consideration.

It is proposed that the remaining surplus be considered as part of the 2026/27 mid-year budget review in February 2027. One option identified is to transfer the balance to the Strategic Asset Management Reserve, which currently has a balance of approximately $4,275.

Strengthening this reserve would provide additional funding capacity for future infrastructure renewal and asset management priorities, particularly following completion of the Town's Asset Management Plan.

This approach would retain financial flexibility while allowing Council to consider the Town's longer-term asset management requirements before determining the final allocation of the remaining surplus.

Information Systems Audit

The OAG also completed its annual Information Systems Audit, assessing the effectiveness of the Town's general computer controls and information security arrangements.

The 2025/26 audit demonstrated improvement compared with the previous year, with:

- Three previous audit findings closed.
- One finding downgraded from Moderate to Minor.
- No new findings identified.
- Four remaining findings, all assessed as Minor.

The remaining findings relate to application security management, business continuity arrangements, human resource onboarding processes and information security awareness training.

Management has provided responses to each finding, outlining the actions proposed, responsible officers and anticipated completion dates. All four findings have a target completion date of 30 June 2027.

The OAG also assessed the maturity of the Town's information systems controls across ten focus areas. The assessment identified an improvement in the information security framework, with its rating increasing from 2 to 3 on a five-point scale. Ratings across the remaining areas were maintained at their previous levels.

The audit outcomes demonstrate progress in addressing previously identified control weaknesses, while highlighting areas requiring continued attention.

Monitoring and Reporting

Management will continue to progress the actions identified through the audit process, with outstanding findings incorporated into the Town's Consolidated Status Report.

Progress against agreed actions and completion dates will be monitored and reported to the Committee until the matters are satisfactorily resolved.

CONCLUSION

The 2025/26 external audit process has been completed within an improved timeframe, with the OAG anticipating an unmodified audit opinion.

The audit has identified a number of outstanding findings requiring management attention, particularly in relation to EFCP operations and financial management controls.

The Audit, Risk and Improvement Committee is requested to receive the Annual Financial Report and associated audit reports and management letters, and note that outstanding findings will continue to be monitored through the Consolidated Status Report.

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:

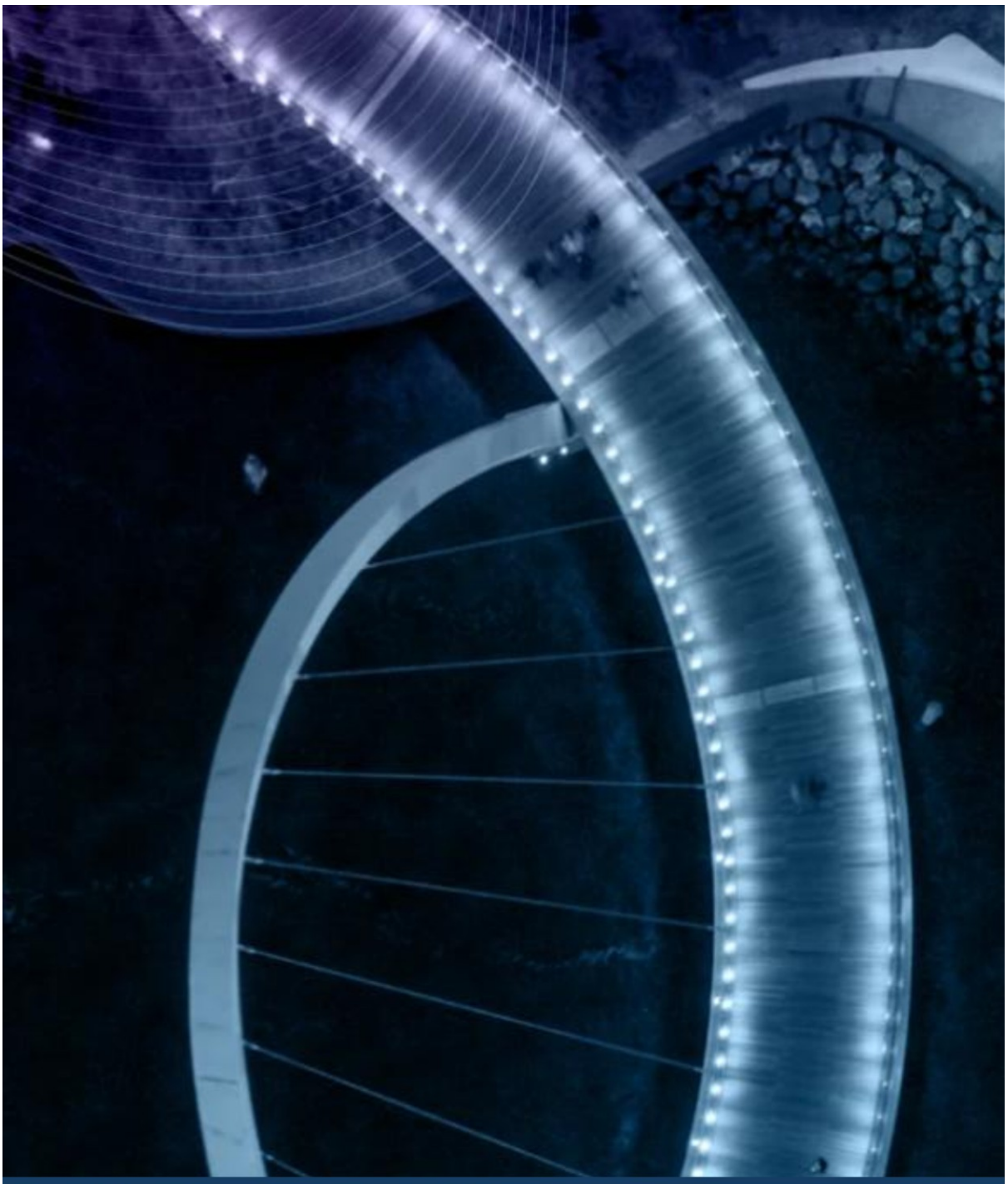
1. **Receives the Audited Annual Financial Report for the year ended 30 June 2026, including the Independent Auditor's Report.**
2. **Receives the Audit Exit Report and management letters for the year ended 30 June 2026.**
3. **Notes the findings identified through the financial and information systems audits and management's responses.**
4. **Notes that outstanding management letter findings will be monitored through the Consolidated Status Report and reported to the Audit, Risk and Improvement Committee.**

REPORT ATTACHMENTS

Attachments start on the next page

Attachment -1 – 2

To be tabled



Condition Assessment and Valuation Report 2026

Town of East Fremantle

28/08/2026

Benchmark Consulting

Benchmark Consulting W.A

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1. Executive Summary

Benchmark Consulting (BMCWA) was commissioned by the Town of East Fremantle (the Town) to undertake a revaluation of nominated infrastructure assets for the 2025/26 financial year in accordance with Australian Accounting Standards, principally including AASB 116 Property Plant and Equipment and AASB 13 Fair Value Measurement.

The valuation is effective as of 30 June 2026. A detailed list of all valuations is provided in a separate Microsoft Excel Attachment A and a summarised list in provided in Table 1 below.

The valuation is certified on behalf of BMCWA by me, Jason Tan, Director of Asset Management, with relevant credentials provided within this report. Assistance with validations was provided by Janine Conlan, Senior Asset Management Officer, under my supervision.

This revaluation has been developed by replacement cost method in accordance with the AASB provisions for class 3 (unobservable) inputs. A systematic and quality assured approach has been used to develop this valuation. Asset inventory and quantities were obtained from the Town asset database, which were validated by BMCWA in accordance with the methodologies presented in Table 5. Replacement costs have been derived from various inputs including comparison to market costs, industry cost publications (namely Rawlinsons Construction Handbook 2026), and indexation using a suitable price index from the Australian Bureau of Statistics.

This valuation report has been developed without prejudice. Neither BMCWA, or involved project staff, have any financial proximity or personal interest in the Town of East Fremantle.

Regards



Jason Tan
Director
—
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(08) 6285 0485 | 30 Brown St, East Perth WA 6004

Benchmark Consulting W.A

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2. Introduction

The Town of East Fremantle is a small Local Government constituted under the provisions of the Local Government Act ,1995. It is located in the western suburbs of Perth and covers an area of approximately 3.4 sq km.

The Town is a not-for-profit Government entity expected to continue to operate for the foreseeable future. It provides assets and services to the local community as part of a whole-of-government approach. As of this valuation the town owns infrastructure assets with a replacement value of $110,650,105 and depreciated value of 83,701,154.

It is a requirement of the Local Government (Financial Management) Regulations 1996 (regulation 17A) that the local government report annually the value of non-current assets in accordance with the provisions of the Accounting Standards, and principally AASB 13 Fair Value and AASB 116.

The Town engaged Benchmark Consulting WA (BMCWA) to complete a data validation, condition assessment, and revaluation of the Town's Infrastructure asset class including the assets listed below:

1. Drainage
2. Footpaths
3. Roads
4. Parks & Ovals
5. Bus Shelters
6. Car Parks (open air)

The scope for the revaluation was provided by the Town including previous valuation outcomes. The methodology and development of the compliant valuation was left to BMCWA to develop, with instruction to retain the structure and reporting format of the previous revaluation conducted in 2021. Figure 1 below shows the municipality boundaries of the Town of East Fremantle.



Figure 1: Town of East Fremantle Location

Table 1. Asset Valuation Summary

Row Labels	Sum of Current Cost 2026	Sum of Depreciated Cost 2026	Sum of Accum Depr 2026	Sum of Annualised Depreciation 2026	Average of Final Condition Score Used_2026	Average of Final RUL Used 2026	Sum of Asset Qty Used 2026	Average of Depreciation Rate
BUS SHELTER	**$279,742**	**$158,528**	**$121,213**	**$10,565**	**2.67**	**16.04**	**18**	**4%**
Bus Shelter	**$279,742**	**$158,528**	**$121,213**	**$10,565**	**2.67**	**16.04**	**18**	**4%**
Bus Shelter	$279,742	$158,528	$121,213	$10,565	2.67	16.04	18	4%
CARPARK	**$6,396,200**	**$5,110,609**	**$1,285,591**	**$75,517**	**1.57**	**48.39**	**95,337**	**2%**
Sealed	**$6,213,371**	**$4,953,260**	**$1,260,111**	**$72,470**	**1.53**	**46.41**	**92,535**	**2%**
Sealed Pavement	$3,216,177	$2,345,466	$870,711	$32,162	2.21	69.84	30,845	1%
Subgrade	$1,586,409	$1,586,409	$0	$0	0.00		32,291	
Surface	$1,410,785	$1,021,385	$389,399	$40,308	2.38	22.97	29,399	3%
Sw Channel	**$182,828**	**$157,349**	**$25,480**	**$3,047**	**1.63**	**50.50**	**2,802**	**2%**
Kerbing	$182,828	$157,349	$25,480	$3,047	1.63	50.50	2,802	2%
DRAINAGE	**$9,225,138**	**$5,122,702**	**$4,102,437**	**$115,314**	**2.76**	**44.77**	**13,300**	**1%**
SW DRAINAGE	**$9,225,138**	**$5,122,702**	**$4,102,437**	**$115,314**	**2.76**	**44.77**	**13,300**	**1%**
PIPE	$5,589,562	$3,106,486	$2,483,075	$69,870	2.74	45.21	12,596	1%
PIT	$3,635,577	$2,016,215	$1,619,361	$45,445	2.78	44.37	704	1%
FOOTPATH	**$14,235,989**	**$12,340,899**	**$1,895,090**	**$217,689**	**1.65**	**57.27**	**119,240**	**2%**
Footpath	**$14,235,989**	**$12,340,899**	**$1,895,090**	**$217,689**	**1.65**	**57.27**	**119,240**	**2%**
Footpath	$14,216,445	$12,331,127	$1,885,318	$217,200	1.64	57.35	119,239	2%
Footbridge	$19,544	$9,772	$9,772	$489	3.00	20.00	1	3%
PARKS	**$15,708,645**	**$11,602,588**	**$4,106,057**	**$513,759**	**2.61**	**16.10**	**224,505**	**4%**
Parks	**$15,708,645**	**$11,602,588**	**$4,106,057**	**$513,759**	**2.61**	**16.10**	**224,505**	**4%**
Amenities	$496,059	$239,916	$256,143	$26,353	2.86	10.81	152	5%
Bin	$105,600	$55,440	$50,160	$5,280	2.90	10.50	20	5%
Fence	$1,307,504	$751,496	$556,008	$50,001	2.80	17.88	6,318	3%
Gate	$89,942	$59,469	$30,473	$3,957	2.96	19.01	50	3%
Irrigation	$3,491,944	$2,502,865	$989,079	$98,995	2.08	28.82	143,201	3%
Lighting	$1,396,769	$990,902	$405,867	$69,838	2.61	11.96	92	5%
Minor Structure	$1,462,981	$846,624	$616,357	$66,468	2.80	14.00	30	4%
Minor Structure Polygon	$1,236,960	$1,036,160	$200,799	$55,862	2.75	20.63	5,468	3%

Playground Point	$124,163	$76,224	$47,939	$6,874	2.33	14.69	73	5%
Playground Polygon	$2,369,002	$1,725,108	$643,894	$103,606	2.26	15.99	2,212	5%
Drink Fountain	$190,291	$96,731	$93,560	$9,515	2.95	10.26	30	5%
Soccer Goals	$15,185	$9,490	$5,694	$1,012	2.50	9.37	4	7%
Cricket nets	$74,548	$37,274	$37,274	$2,485	3.00	15.00	571	3%
Football Goals	$15,185	$9,490	$5,694	$1,012	2.50	9.37	4	7%
Cricket pitch	$15,275	$7,638	$7,638	$1,528	3.00	5.00	176	10%
Hand Rails	$111,408	$55,704	$55,704	$2,785	3.00	20.00	211	3%
Bollard	$764	$382	$382	$25	3.00	15.00	5	3%
BMX Track/ Skate Park	$244,870	$141,478	$103,391	$8,162	2.50	18.75	2	3%
Sports Turf	$2,960,196	$2,960,196	$0	$0	0.00		65,886	
ROAD	**$64,804,392**	**$49,365,828**	**$15,438,564**	**$905,177**	**1.81**	**41.72**	**948,891**	**2%**
Sealed	**$60,016,616**	**$46,079,045**	**$13,937,571**	**$825,393**	**1.50**	**42.61**	**875,405**	**2%**
Sealed Pavement	$30,529,129	$20,379,744	$10,149,385	$339,283	2.38	61.61	292,792	1%
Subgrade	$14,386,013	$14,386,013	$0	$0	0.00		292,824	
Surface	$15,101,474	$11,313,289	$3,788,185	$486,110	2.12	23.67	289,789	3%
Sw Channel	**$4,787,776**	**$3,286,782**	**$1,500,994**	**$79,785**	**2.27**	**40.83**	**73,486**	**2%**
Kerbing	$4,787,076	$3,286,083	$1,500,994	$79,785	2.28	40.83	73,366	2%
Table Drain	$700	$700	$0	$0	0.00		120	
Grand Total	**$110,650,105**	**$83,701,154**	**$26,948,951**	**$1,838,022**	**2.20**	**42.21**	**1,401,291**	**2%**

3. Applicable Standards

BMCWA was commissioned by the Town to produce an asset valuation to satisfy the end of 2025/26 financial year statutory reporting requirements for its nominated infrastructure assets. The applicable standards are principally the Australian Accounting Standards but also include The Town Accounting Policy and applicable WA Local Government Industry standard requirements.

3.1 AASB 116 Property Plant and Equipment

Local government is required to report the value of the assets in accordance with AASB 116 Property, Plant and Equipment (October 2015). The objective of the standard is as follows:

"The objective of this Standard is to prescribe the accounting treatment for property, plant and equipment so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant and equipment are the recognition of the assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognised in relation to them."

3.2 Applicability of Residual Value for Public Infrastructure

With respect to AASB 116 and with reference to the AASB May 2015 decision, the use of residual value as it relates to public infrastructure is not applicable for reasons being:

a) *the ordinary meaning of the words needs to be considered in the context of the relevant accounting standard definition, including in conjunction with the definition of useful life;*

b) *disposal involves the entity losing control of the asset at the end of its useful life to the entity – the relocation of an asset into another asset or location does not involve any loss of control of the asset by the entity; and*

c) *where an entity has control of an asset and intends to continue to consume the future economic benefits embodied in the asset through use, the asset cannot be regarded as having reached the end of its useful life to the entity. In the case of public sector assets held for their current service potential, the useful life is unlikely to end before all the service potential in that asset is substantially consumed, at which time no cost savings from re-use of the asset, or a part thereof, would remain available to the entity.*

3.3 AASB 13 Fair Value Measurement

AASB 13 Fair Value Measurement defines the term "Fair Value" to be:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

This dictates that the assets be fair value which is defined as:

"Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability)."

When a market for an asset is unable to be identified or observed such as the case for most publicly owned infrastructure, AASB13 states:

"When a price for an identical asset or liability is not observable, an entity measures fair value using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value."

3.4 Applicability of valuation by replacement cost method

Infrastructure assets have been valued by means of the replacement cost method having regard for-

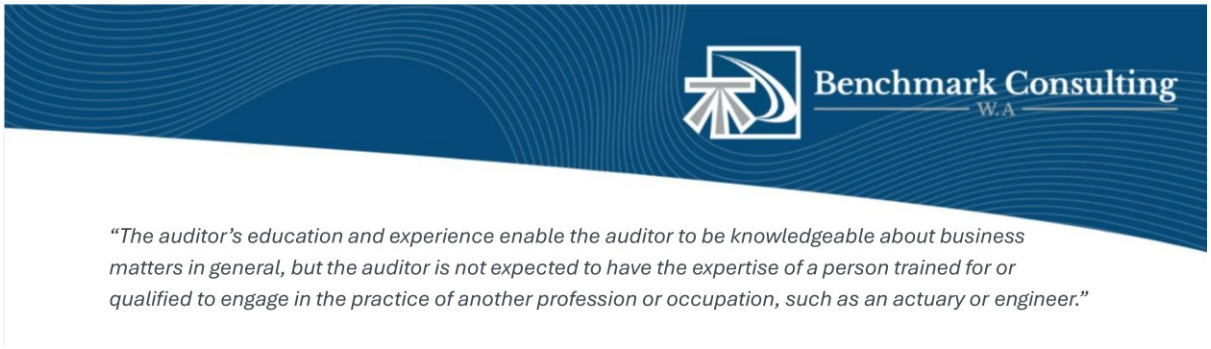
- The Town is a not-for-profit entity
- The Town is expected to continue to operate for the foreseeable future
- The Town operates a capitalisation approach to infrastructure owned for more than 1 year including the identification and ongoing operation of non-current assets
- The primary value and purpose of the assets is not commercial return
- The assets are not for sale
- There is no active market for the assets
- There are no comparable market transactions

Accordingly, a Level 3 Replacement Cost approach to valuation has been applied and this is consistent with current WA Local Government practice.

3.5 AUS 606 Using the Work of an Expert

Auditing standard ASA 620 "Using the Work of an Auditor's Expert" applies to the valuation produced by BMCWA as experts in infrastructure engineering and infrastructure asset lifecycle management, specifically:

The use of an Auditor's Expert, in this case, referring to *"an organisation possessing expertise in a field other than accounting or auditing, whose work in that field is used by the auditor to assist the auditor in obtaining sufficient appropriate audit evidence".*



"The auditor's education and experience enable the auditor to be knowledgeable about business matters in general, but the auditor is not expected to have the expertise of a person trained for or qualified to engage in the practice of another profession or occupation, such as an actuary or engineer."

4. Qualifications of this Valuation

4.1 Assumptions

Where information is incomplete, not available; subject to uncertain variability or subject to professional judgement assumptions have been made. Assumptions are documented in this report and represent best professional judgement. There is a risk that assumptions may be incorrect.

4.2 Inventory Data

Existing inventory data for the asset classes in the scope of the revaluation was provided by the Town at the time of engagement. BMCWA were engaged to validate some of this data using physical site inspections and condition assessments. The extent of data validation was determined by the Town and it differed by asset class. BMCWA, upon discussing the requirements with the Town, understands that the extent of the validations had regard for the following-

- The currency of the Town's existing inventory data for each asset class
- The relative confidence and quality of the existing inventory data for each asset class
- Whether the inventory can be visually validated
- Whether there were other information sources, such as technicians or audit reports, that could be used to help validate the data

The method of data validation and relative confidence in the data is discussed in Section 6.2.

4.3 Componentisation

Basic componentisation of assets has been identified in the Town Asset Inventory.

4.4 Condition Assessment Data

Existing condition assessment data for the asset classes in the scope of the revaluation was provided by the Town at the time of engagement. BMCWA were engaged to reassess the condition of some of this data and to update the condition assessment scores for these assets. BMCWA, upon discussing the requirements with the Town, understands that the extent of the condition assessments had regard for the following -

- The currency of the Town's existing condition assessment data for each asset class
- Whether the inventory can be visually condition assessed
- Whether there were other information sources, such as technicians or audit reports, that could be used to help update the asset condition scores

The method of condition assessment is discussed in Section 6.2.

4.5 Valuation Inputs

Several valuation inputs were provided by the Town that were used directly, or used to guide, the revaluation process. These are as follows-

- The Town provided the asset register and its componentisation, including the grouping of like assets in the Town's asset register into unique unit rate groups (URG). Every asset in the asset register was assigned to a URG and each URG had an individual unique rate that was used in combination with asset quantities to determine the overall current cost value of the asset. This drove the structure of the Town's previous revaluation. BMCWA reviewed the Town's application of these URGs to the assets and found them to be adequate, however, minor improvements were made. These improvements involved creating several new unit rate groups to value new asset types or where new construction materials have been used.
- Dimensions and quantities for roads, car parks, drainage, and footpath assets. While these assets were validated in accordance with the methods described in Section 6.2, the validations focused on the visually discernible data such as validating the asset still exists, its condition, and construction material. Lengths and widths of roads and footpaths, square areas of car parks, and other similar dimensions were not validated and were assumed to be correct in the asset register.
- The Town provided the total useful lives (TUL) for their assets. BMCWA reviewed these and made no changes to this data. The total useful lives of assets are dependent on the Town's management techniques, maintenance regime, and service levels or intervention levels for their asset's renewal. This is discussed further in Section 7.2.3 below.

4.6 Uniformity of Assets, Useful Life and Usage

To complete the valuation, it has been necessary to assume common groupings of like assets perform in a statistically similar and consistent manner over their life. In practice individual assets will perform differently due to factors such as construction quality, source material quality, workmanship, utilisation, maintenance practice, damage, climatic events, location. Although, it is presumed that an averaging effect applies across the asset components.

4.7 Normal Operation, Wear, Tear and Maintenance

It is an assumption of this valuation that assets have been operated within design parameters; subject to normal wear and tear; have not been overloaded or damaged; and have been properly maintained over their life. Accordingly, it is assumed the assets will achieve their useful lives and that the condition rating reflects useful life consumed and remaining useful life. Hidden damage and lack of maintenance could have unforeseen long term affects.

4.8 Current Dollars, GST excluded, Foreign Exchange and Market shifts

- All values provided are in current dollars as at date of valuation.
- Values are exclusive of goods and services tax.
- Where components are sourced from foreign markets values rates are calculated on exchange rates as at (or close to) date of valuation.
- Infrastructure costs can be subject to significant and rapid change due to international market changes; shifts in supply and demand; and other factors. The valuation has been determined on best available information as at date of valuation.

Benchmark Consulting W.A

4.9 Exclusive Purpose of Valuation

This valuation has been provided for the sole purpose of supporting the Financial Statement of the Town of East Fremantle. Unit rates are average estimates and not project or location specific. Use for any other purpose including insurance valuation, forward works planning and budgeting is at the Town's risk and discretion.

5. Infrastructure Asset Classes

The infrastructure asset classes and quantities that were provided to BMCWA in the Town's asset register that formed the scope of this revaluation are detailed in the table below:

Table 2. Asset Classes for Valuation

Asset Class/Sub Class	Quantity	Unit Measure
Roads	36.7	KM
Drainage - Pipes	12.6	KM
Drainage - Pits	704	NO.
Footpaths	59.8	KM
Bus Shelters	30	NO.
Car Parks	17	NO.
Park Assets*	1259	NO.

Note that soft landscapes such as soft landscapes, plantings, trees, general grass or mulched areas are not in scope of this revaluation. The parks infrastructure assets focus on constructed assets. Turfed areas or specialised sporting surfaces for active sporting grounds / courts at the following locations are included:

- Wauhop Park Oval
- Henry Jeffrey Oval
- Preston Point Reserve
- East Fremantle Tennis Club – hardcourts and grasscourts
- East Fremantle Oval
- East Fremantle Bowling Club – synthetic bowling greens
- East Fremantle Croquet Club – croquet greens

5.1 Infrastructure Assets and Componentisation

Infrastructure assets comprise multiple components, and occasionally sub-components, that collectively define the asset as a whole. The Town's asset register has been componentised showing individual asset components of varying costs and service life. These components can be reasonably managed, maintained and renewed independently of other components in an asset. BMCWA's revaluation of assets is performed at the component level of the asset. The asset component structure in the Town's asset register that formed the scope of this revaluation is summarised in the table below.

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Table 3. Asset Components

Asset Class	Component	Quantity	Unit Measure
Bus Shelter	Bus Shelter	30	NO.
Carpark	Kerbing	2.9	KM
Carpark	Sealed Pavement	31,313	M^2
Carpark	Subgrade	32,798	M^2
Carpark	Surface	29,828	M^2
Drainage	Pipe	12.6	KM
Drainage	Pit	704	NO.
Footpath	Footpath	59.8	KM
Park	Amenities	175	NO.
Park	Bin	81	NO.
Park	Fence	195	NO.
Park	Gate	28	NO.
Park	Irrigation	41	NO.
Park	Light	5	NO.
Park	Lighting	130	NO.
Park	Minor Structure	8	NO.
Park	Minor Structure Polygon	173	NO.
Park	Playground Lines	25	NO.
Park	Playground Point	52	NO.
Park	Playground Polygon	73	NO.
Park	Sign	273	NO.
Road	Kerbing	73.4	KM
Road	Sealed Pavement	292,792	M^2
Road	Subgrade	292,824	M^2
Road	Surface	289,789	M^2
Road	Table Drain	0.12	KM



6. Data Validation and Condition Assessment

BMCWA's engagement included data validation and condition assessment of the Town's inventory.

6.1 Source of Asset Register Data

The source of asset data provided to BMCWA to form the scope of the data validation, condition assessment, and revaluation was the previous desktop valuation listing of all the Town's assets completed by external consultants in 2021. This list contained the latest complete listing of all the Town's infrastructure assets, components subject to revaluation, component quantities or measurements, unit rate groups, latest condition assessment results, and latest valuations.

As this asset list had not been updated since 2021, discussions were held between BMCWA and the Town to determine whether there were any changes to this list since 2021 that would affect our data validation and condition assessment process. The outcomes of this meeting were:

- Most infrastructure capital works delivered by the Town since 2021 would be captured by our data validation and condition assessment processes because the works delivered were mainly of a like-for-like asset renewal nature. These would reflect in our data validation and condition assessment processes as improved condition ratings.
- Works that were not of a like-for-like nature include the upgrades to the East Fremantle Community Park project. A special data collection to recognise all new assets in a compatible data structure and format would need to be arranged to facilitate revaluation of those assets.
- The Town advised that several assets have been disposed and require removal from the asset list. This included the George Street Car Park and the bus shelters that were not owned by the Town.

6.2 Data Validation and Condition Assessment

BMCWA were engaged to validate and condition assess some of the asset list using physical site inspections and other methods. The extent of data validation was determined by the Town and it differed by asset class. BMCWA, upon discussing the requirements with the Town, understands that the extent of the validations had regard for the following-

- The currency of the Town's existing inventory and condition data for each asset class
- The relative confidence and quality of the existing inventory and condition data for each asset class
- Whether the inventory can be visually validated or assessed
- Whether there were other information sources, such as technicians or audit reports, that could be used to help validate the data

The table below summarises the data validation extent that BMCWA undertook to improve the accuracy and the confidence we had in the inventory data subject to revaluation, and the reasons that the Town gave BMCWA to explain the requirements and objectives of the validation.

Table 4. Data Validation Extent

Asset Class/Sub Class	Extent	Reasons
Roads	Validate and condition assess 100% of the inventory. Note that road pavement and subgrade layers under the surface could not be assessed.	No recent condition data. Critical asset class that requires regular inspection.
Drainage	No validation or condition assessment.	It is challenging and costly to visually assess these assets as most of them are underground. BMCWA relied upon the CCTV drainage audit from 2020 which coincided with the previous valuation. As drainage assets are typically long-life assets, we had a moderate level of confidence in this data and it was determined that no further validation was required.
Footpaths	Validate the footpath inventory data and condition assess 20% of the inventory.	The Town undertakes regular inspections of footpaths and maintains a Microsoft Excel register of inventory and condition data for footpaths. The last inspection was undertaken in March 2024.
Bus Shelters	Validate and condition assess 100% of the inventory.	The Town has a register of bus shelters but it does not contain current condition data.
Car Parks	Validate and condition assess 100% of the inventory. Note that car park pavement and subgrade layers under the surface could not be assessed.	No recent condition data. Critical asset class that requires regular inspection.
Parks	Validate and condition assess 100% of the inventory.	No recent condition data. Parks contain many point assets that get moved, replaced, or removed often and asset registers can be out of date.

BMCWA developed methodologies suitable for the data validation and condition assessment of the assets in accordance with the extents required. The table below summarises the methodologies undertaken for the data validation and condition assessment.

Table 5. Data Validation and Condition Assessment Methodologies

Asset Class/Component	Data Validation	Condition Assessment
Roads	The road and kerb assets structure is defined in a segmented structure from road intersection to road intersection. BMCWA visually validated 100% of the Town's road and kerb segments.	Visual assessment of all road surfaces and kerbs using the specification in the WALGA Road Visual Condition Assessment Manual. This manual outlines the condition scoring method for

Asset Class/Component	Data Validation	Condition Assessment
		typical road and kerb distresses including cracking, rutting, patching, potholes, and other surface deficiencies and scoring them using a 1 – 5 condition grading system, based on observed tolerances. In general: 1: Very Good Condition 2: Good Condition 3: Fair Condition 4: Poor Condition 5: Very Poor Condition The exact tolerances for each condition score for each type of distress can be found in the WALGA Road Visual Condition Assessment Manual available online from the WALGA website.
Drainage	N/A	N/A
Footpaths	100% of the footpaths were validated using 2 methods. The segments were validated against the inventory records of the Town's latest inspection records. The segments were also validated using the latest satellite imagery.	20% or 88 segments of the Town's footpaths were chosen at random and visually assessed to confirm the currency and validity of the Town's latest condition scores from 2024. In line with the Town's condition rating system, a simple 1 – 5 condition grading system was adopted for this condition assessment, as follows: 1: Very Good Condition 2: Good Condition 3: Fair Condition 4: Poor Condition 5: Very Poor Condition
Bus Shelters	100% of the Town owned bus shelters were visually validated.	100% of the Town owned bus shelters were visually condition assessed using a simple 1 – 5 condition grading system, as follows: 1: Very Good Condition 2: Good Condition 3: Fair Condition 4: Poor Condition 5: Very Poor Condition
Car Parks	100% of the Town's car park surfaces and kerbs were visually validated.	100% of the Town's car park surfaces and kerbs were visually condition assessed

Asset Class/Component	Data Validation	Condition Assessment
		using the specification in the WALGA Road Visual Condition Assessment Manual.
Parks	The data for Parks assets in the asset list provided to BMCWA was insufficient and BMCWA were unable to validate this data. Only 160 out of 1259 parks assets had any locational information, such as the name of the park that it is located in. Due to this, BMCWA proposed an alternate methodology, which was to do a new and comprehensive data collection of all parks inventory. This would develop a new asset register for the Town. Refer to Asset Data Validation Outcomes below for more information.	100% of the Town's parks assets, as collected in the new and comprehensive data collection, were visually condition assessed using a simple 1 – 5 condition grading system, as follows: 1: Very Good Condition 2: Good Condition 3: Fair Condition 4: Poor Condition 5: Very Poor Condition
Parks – Irrigation Assets	Unable to visually assess as these pump, bore, and sprinkler assets are typically buried. Instead of visual assessment, BMCWA relied on this advice from the Town's Operational Supervisor responsible for servicing the Town's irrigation systems.	As per the data validation, BMCWA relied on the condition scores provided by the Town's Operational Supervisor responsible for servicing the Town's irrigation systems.

6.3 Data Validation and Condition Assessment Outcomes

Following the application of BMCWA's data validation and condition assessment methodologies, the following material changes were recorded for each asset class. Most of the changes were non-material, minimally improving the accuracy of the Town's asset register that is subject to revaluation. However, the changes to the parks asset register and footpath condition scores were material. These are explained below.

Table 6. Data Validation and Condition Assessment Outcomes

Asset Class/Component	Data Validation Outcomes	Condition Assessment Outcomes
Roads	One kerb segment on the asset register did not exist. This kerb was found to have been replaced by table drains, and so this kerb segment no longer existed and was recommended for disposal as part of this revaluation.	A marginal increase in average condition scores for roads from 1.93 in 2021 to 1.81 in 2026. This has resulted in an increase in average remaining useful life from 35 in 2021 to 41 in 2026.

Asset Class/Component	Data Validation Outcomes	Condition Assessment Outcomes
Drainage	According to the 2021 revaluation report, the drainage assets were last inspected in 2020. The validation of these assets was out of scope for this assessment. We recommend that these assets are inspected and assessed for updated condition again prior to the next revaluation.	An adjustment of the 2020 condition scores of all drainage inventory was performed to reflect 5 years of consumed life since the previous revaluation. This was done by reducing the remaining useful life of all drainage assets by 5 years, converting this to a revised condition score and percentage remaining useful life and using this to drive the condition-based revaluation of these assets. Pits and pipes are long-lasting assets and static by nature in terms of deterioration. We therefore believe that using age-based deterioration over the past 5 years to estimate current condition is an acceptable methodology.
Footpaths	Three footpath segments were found to no longer exist. This is probably due to previous capital works completed by the Town resulting in changes in the alignment of footpaths or removing footpaths that were redundant. A number of footpaths in parks were collected as part of the parks data collection. To maintain consistency with other footpath categorisations, these were allocated to the footpath asset class instead of the parks asset class.	The 2024 footpath condition scores that the Town provided, and that BMCWA validated 20% (88 segments) of, showed that the Town's footpaths were in very good condition, averaging a score of 1.65 for the asset class. This is in contrast to the significantly poorer average condition value of 2.83 used to inform the Town's 2021 valuation. BMCWA's inspection of these 88 segments found that the Town had renewed a significant number of footpaths recently with a red asphalt design that proved to be highly functional and durable, resulting in very good condition scores. BMCWA's independent scoring showed a scoring variance of less than 1 condition score on a grade of 1 to 5 for all 88 segments. 3 segments had a condition variance of -1, meaning BMCWA scored the segment in better condition than the Town's 2024 scores. 28 segments had a condition variance of 0, meaning BMCWA scored the segment equal to the Town's 2024 scores. 57 segments had a condition variance of +1, meaning that BMCWA scored the segment in worse condition than the Town's 2024 scores. Overall, having regard for the following- • condition scoring is subjective, • condition of footpaths is dependent on the Town's adopted service levels and risk tolerance, • all the segments that BMCWA validated had less than a variance of 1 condition score to the Town's 2024 footpath

Asset Class/Component	Data Validation Outcomes	Condition Assessment Outcomes
		condition scores, • The Town's 2024 footpath condition scores are reasonably current, less than 5 years old, and it is cost prohibitive to always have current (less than 1 year old) condition data available, it was agreed, through discussion with the Town, to adopt the Town's 2024 footpath condition scores as is for this revaluation. This resulted in a significant increase in average condition scores for the asset class from 2.83 in 2021 to 1.65 in 2026. This translates to an average remaining useful life increase from 37 in 2021 to 57 in 2026.
Bus Shelters	Through discussion with the Town, the bus shelters in scope of the revaluation got reduced from 30 to 19, based on ownership. Only 19 bus shelters were owned by the Town. Site validation resulted in a further reduction of bus shelters from 19 to 18 due to one bus shelter having been removed due to ongoing construction works at the Fremantle bridge.	Condition assessment of the bus shelters resulted in a change in average condition scores from 2.50 in 2021 to 2.67 in 2026. This translates to an average remaining useful life decrease from 17 to 16.
Car Parks	The data was validated with no changes to the inventory, other than the disposal of George St car park inclusive of its pavement and kerbing assets.	Condition assessment of the car parks resulted in a marginal change in average condition scores from 1.85 in 2021 to 1.57 in 2026.
Parks	As mentioned above, the inventory data provided by the Town for parks assets was insufficient to be able to validate the data. Locational data, even the park the asset was in, was missing for approximately 88% of the assets, so BMCWA was unable to use this data to validate the assets. BMCWA proposed an alternate method to collect new inventory data for all parks assets. This was accepted by the Town. Some assets, such as irrigation assets and specific assets like Plympton Steps, and the Leeuwin Boat Ramp had locational	All inventory items retained from the original list were assessed for condition. All new inventory items picked up in the new data collection have been condition assessed. Overall, the average condition scores of parks assets changed from 3.3 in 2021 to 2.61 in 2026. The average remaining useful life has changed from 14 in 2021 to 16 in 2026.

Asset Class/Component	Data Validation Outcomes	Condition Assessment Outcomes
	information, so BMCWA retained as much of the original asset register as possible. All other asset types were collected and assessed within the Town's parks boundaries. The inventory count changed from 1259 assets to 390 assets. However, this number is not an accurate comparison, because some asset measurements have changed as well. For example, a series of 20 bollards may have been recorded in the original register as multiple assets, however, in the new asset they have been picked up as a single entry, a bollard fence, with a lineal metre measurement to inform the valuation. A quantity of 4 identical lights in a park will now also count as only 1 inventory count, whereas in the previous list it may have registered as 4 separate counts.	
Parks – Irrigation Assets	Park irrigation assets were unable to be verified visually as many assets such as bore pumps and sprinkler systems are underground. Instead, the Town's Operations Supervisor reviewed the list and marked up the systems that were still in operation across the Town's parks, and which were no longer existing.	The Town's Operations Supervisor provided a condition score for each of the irrigation systems, based on his working knowledge of the systems.

Following the data validation process, the change in inventory count from the Town's original asset register (2021) per Asset Class is shown below.

Table 7. Changes in Inventory Count

Asset Class/Sub Class	2026 Inventory Count	2021 Inventory Count
Roads	1530	1531
Drainage	1333	1333
Footpath	472	437

Asset Class/Sub Class	2026 Inventory Count	2021 Inventory Count
Bus Shelters	18	30
Car Parks	78	83
Parks	390	1259

Due to the mixture of data validation and condition assessment techniques used, the dataset for each asset class is at varying levels of data confidence. The confidence gradings for each of the asset types is detailed in Table 7.

Table 8. Data Confidence Levels Per Asset Class

Asset Class	Inventory Last Validated	Inventory Confidence	Condition Last Assessed	Condition Confidence	Comments
Roads	2026	High	2026	High	Data is current
Pipes	2020	Medium	2020	Medium	Age based deterioration applied to manage the changes in assets since 2020.
Pits	2020	Medium	2020	Medium	Age based deterioration applied to manage the changes in assets since 2020.
Paths	2026	High	2026	Medium	100% inventory validated and 20% condition validated showing minor variances in condition.
Bus Shelters	2026	High	2026	High	Data is current
Car Parks	2026	High	2026	High	Data is current
Park Assets	2026	High	2026	High	Data is current

The confidence grading is specific to the asset class, asset type and component. A long-life static asset class is less likely to require validation and constant assessment for condition when compared to a short life asset which is more dynamic. The confidence grading has been assessed as follows:

- High confidence – BMCWA has validated these assets as part of this engagement. The data is current and accurately quantifies and reflects the composition of the asset class and its condition.
- Medium confidence – BMCWA has not validated these assets comprehensively as part of this engagement, but recent data exists that is suitable for use, based on the nature of the asset, how static the asset is, and its useful life.
- Low confidence – Not applicable. There were no asset classes where BMCWA had low confidence in the data quality.

7. Valuation Methodology

7.1 Valuation Input Hierarchy

The methodology and subsequent inputs are determined according to the asset type and with reference to the three-level hierarchy as stated in AASB 13.

Level 1 Inputs

"Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date."

Level 2 Inputs

"Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly."

Level 3 Inputs

"Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk."

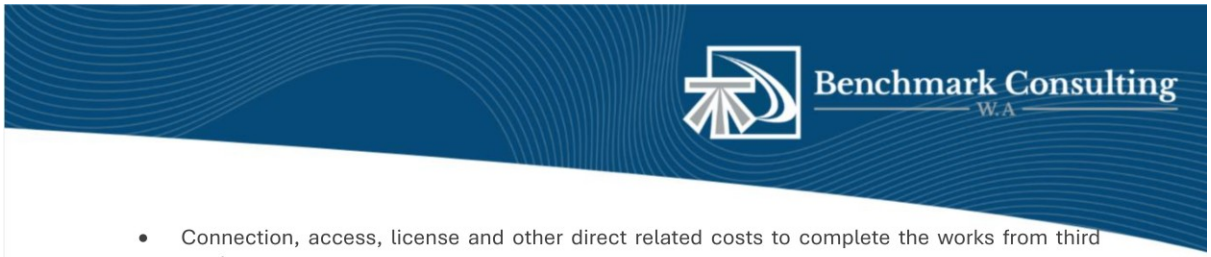
Given the restrictions around the disposal of public infrastructure and the absence of a discernible market, it is most appropriate to determine fair value using level 3 inputs.

7.2 Level 3 Inputs

7.2.1 Replacement Cost Unit Rates

Existing replacement cost unit rates and asset total useful lives (TUL) were provided by the Town and reviewed by BMCWA. BMCWA have updated the unit rates using the best and latest information available. The replacement costs consider:

- Cost to replace or reinstate the asset to full-service and useful life potential in a "brown fields" environment.
- Physical location of the asset (where appropriate).
- Design and planning costs.
- Procurement costs.
- Removal and disposal of existing asset.
- Materials.
- Labour (both internal or external); Protection, adjustment, reinstatement and other costs to protect or reinstate other affected assets.



- Connection, access, license and other direct related costs to complete the works from third parties.
- Site costs including traffic management, establishment, safety barriers, insurances, overheads and other costs directly attributable to the construction
- Corporate overheads.

The replacement cost unit rates provided by the Town were determined by the previous revaluation consultants in 2021, applying a variety of methods including:

- First principal calculations of labour, plant and material expense.
- Contract rates and quotations from external service providers.
- Reference to recorded costs of past projects.
- Comparison rates from similar Local Government entities
- Revised unit rates based on ABS CPI increase

7.2.2 Replacement Cost Review

BMCWA applied the following approach to reviewing the replacement valuation inputs:

- Comparison to market costs – comparison of unit rates against market costs of equivalent products where available from online retailers
- Industry cost publications – rates published in common industry construction cost guides such as Rawlisons Construction Handbook 2026
- Indexation of existing replacement cost unit rate – where information is not available to sufficiently inform new valuation inputs or where the asset is a bespoke item that cannot be reasonably compared to other assets available for purchase online or published in the Rawlinsons Construction Handbook 2026.

Preliminary costs were allowed for in the replacement cost unit rates equivalent to 10% of the final rate, where appropriate. These costs included the following:

- Professional and project management fees such as design, engineering, project management, and other consulting fees including legal fees.
- Site establishment costs
- Traffic management fees

Our notes and factors considered for the determination of the rate of 10% for preliminary costs are provided below:

- The 10% rate is based on the professional opinion of several highly experienced project managers at BMCWA, a high-level comparative rates review provided by Rawlinsons in the Construction Handbook 2026, and the valuation methodology. These are explained further below.
- The review by Rawlinsons on allowances for preliminary costs across industries places the rate at 8-14% at the low end and 10-25% at the high end across different types of industry, assets, and projects, if you remove the construction of high-rise buildings from this analysis which is appropriate in this case.
- We have adopted a valuation methodology that focuses on like-for-like replacement valuations for assets. In our conversations with Town operational staff, asset replacement and renewal

projects are typically smaller in nature and do not have the site establishment costs of large community upgrade projects. The typical costs of design, engineering, project management and other consultancy fees are on the low end for like-for-like replacement of generic infrastructure assets.

- For highly specialised or bespoke assets, our common approach was to index the existing valuation rate. The existing valuation, especially if recently constructed and capitalised by the Town, would capture the actual preliminary costs including increased design and consultancy fees for bespoke infrastructure as part of the capitalised value and therefore retained in our indexation. For the unit rates that we indexed, we did not apply the 10% allowance for preliminary costs, as we believed this would duplicate the inclusion of preliminary costs.
- While it is acknowledged that every project is different, BMCWA felt that the 10% rate, which is on the low end of industry benchmarks according to Rawlinsons Construction Handbook 2026, was appropriate given the project environment and valuation methodology that we defined above.

The Table below provides a detailed summary of the review of unit rates undertaken by BMCWA:

Table 9. Replacement Cost Unit Rate Review

Valuation Inputs	Number of Applicable Unit Rate Groups	Comments
Comparison to Market Costs	40	This group comprises commonly sourced items such as some types of: • Gates • Playground equipment • Exercise equipment • Undersurfaces • Seats and picnic settings • Rubbish Bins • Fencing • Retaining Walls • Gazebos and Shelters
Industry Cost Publications (Rawlinsons Construction Handbook 2026)	149	This group comprises common items that can be compared in equivalence to assets published in Rawlinsons such as some types of: • Drainage Pits and Pipes • Pavement • Kerbing • Walls • Vehicle Gates • Playground Undersurfaces • Tennis Courts • Turf and Synthetic Turf • Fencing • Lighting and Light Poles • Bollards • Rubbish Bins

Valuation Inputs	Number of Applicable Unit Rate Groups	Comments
Indexation of Existing Replacement Cost Unit Rate	66	This group comprises less common or bespoke items that cannot be compared in equivalence to other general assets published in Rawlinsons or available for purchase online, such as some types of: • Playground Equipment • Leeuwin Boat Ramp • Electric Entry Gate • Bus Shelters • Irrigation • Boom Gate

7.2.3 Total Useful Lives

Total useful lives (TUL) provided by the Town for each asset component to be used for valuation were determined with consideration of the following:

- Physical location of the asset (dry/wet/coastal/inland).
- Suitability of the asset to its environment, use and function.
- Industry experience/practice.
- Manufacturer's recommendations.
- Council practices and adopted levels of service.

Useful life is defined as the lesser of service life and technical life. Service life is the period the asset is expected to operate for until it ceases to meet service levels which might include functional, performance, reliability, risk or other criteria. Technical life is the expected life of the asset before it is prematurely replaced before it achieves service life. For example, a new replacement asset becomes available.

It must be understood that some infrastructure assets have long lifecycles (40 – 100+ years) which is then naturally prone to variability. The TULs are expected to be refined over time through the capture and recording of relevant condition data to determine deterioration trends.

The TULs were reviewed by the consultants who performed the previous revaluation in 2021. BMCWA reviewed the rates and found them to be consistent with industry accepted standards. No changes were made to the TULs. Several of the new assets collected in the parks data collection required assignment of TULs. These were assigned consistently with other assets based on asset types and material types. For example, asphalt footpaths in parks were given the same TULs as asphalt footpaths adjacent to roads.

7.2.4 Remaining Useful Lives

Remaining useful life (RUL) is an estimation of the remaining service potential of the asset component

based on its condition. The determination of precise physical condition by visual assessment can be considered appropriate to determine RUL for valuation purposes, however without extensive and expensive mechanistic or laboratory testing, supported by reliable historic data, the RUL will be an estimation at the network level.

The deterioration curve of an asset plots the RUL of the asset component against condition ratings. BMCWA have adopted a linear deterioration curve for all depreciable assets for this revaluation.

7.2.5 Condition Based Valuation

To comply with AASB 13, it is a requirement to have certain relevant inputs to value individual asset classes. According to AASB 13 the value is determined by what the organisation could dispose of the asset in an arms-length transaction at its highest and best use in the most appropriate market. With respect to core public infrastructure there are no discernible markets, and as such needs to be valued with level 3 inputs to quantify the cost to return the asset to its full-service potential and determine its current fair value.

This requires the RUL to be established based on current condition of the asset. The Table below detail the remaining useful life used for condition-based valuation of the assets with respect to each condition score.

Table 10: Remaining Useful Life Based on Condition

Condition Rating	% RUL	Asset Component/Type
1	100	• All depreciable assets
2	75	
3	50	
4	25	
5	0	

Note that for drainage assets, an age-based deterioration of condition was applied. This means that for drainage assets a condition rating was calculated based on a reduction of remaining useful life equivalent to 5 years. This resulted in a condition rating with decimal points (e.g. 2.35). For these, a linear curve of condition against % RUL was used to determine the remaining life for any decimal condition score between 1.00 and 5.00 for valuation purposes.

7.2.6 Non-Depreciable Asset Components

Certain assets components are deemed to not depreciate as they do not present any loss of service potential over their lifecycle. Examples of this would be the clearing and earthworks for the preparation of the road subgrade component, which represents a significant initial cost at the time of construction but is also a cost that will not need to be borne again for future renewal. Road subgrade is not depreciated.

Other non-depreciable assets include general turf for sports ovals. As with subgrade, the initial construction of turf involves a significant cost, but is also a cost that does not need to be borne again for future renewal. Upon discussion with the Town, it has been confirmed that the Town's activities to maintain the turf, including the returfing of areas and general maintenance, are to be considered operational expenditure. The turf asset, being a natural asset, does not have a defined service life and is therefore considered a non-depreciating asset. However, specialised sporting surfaces, such as synthetic bowling greens or purpose-built croquet surfaces, are assessed separately from ordinary turf.

Where these surfaces have a finite rehabilitation or replacement cycle, they are separately identified or componentised where material, valued on an appropriate replacement cost basis, assigned a useful life, and depreciated over that useful life.

The table drains in the Town's inventory are general non-landscaped areas beside one road. Other than clearing the area for stormwater to naturally flow overland, there is no further built asset, and is therefore considered non-depreciable.

Table 11: Remaining Useful Life for Non-Depreciable Assets

Condition Rating	% RUL	Asset Component/Type
N/A	N/A Not Depreciated	Non-depreciable assets • Subgrade • Turf for Sports Fields • Table Drains

7.2.7 Expected and Actual Condition Based RUL

Assets of the same general type are assumed to have similar TULs. However, in practice assets of the same or similar type will commonly fail to reach or conversely exceed the assigned expected TUL. This will be for a multitude of reasons including:

- Construction quality.
- Variable material quality.
- Physical location.
- Environmental factors.
- Appropriateness for intended function.
- Use and type of use.
- Damage.
- Maintenance quality

The actual condition at the time of revaluation can be used to adjust the RUL for this variability to determine a more relevant RUL.

7.2.8 Depreciated Replacement Cost (Fair Value)

The depreciated replacement cost (DRC) can be considered the current fair value of the asset component. It considers the condition of the asset component to determine a RUL which is expressed as a percentage of the TUL to indicate the consumed economic value and applied to the replacement cost of the asset component.

DRC = RC x (RUL/TUL)

7.2.9 Annual Depreciation

The straight-line annual depreciation (AD) of each asset component is defined as the annual consumption of the economic value of the asset over the lifecycle (TUL) of the asset. This is applicable



only for depreciable assets.

AD = RC/TUL

7.2.10 Accumulated Depreciation

The accumulated depreciation (ACD) is the total depreciation of the asset component to the time of revaluation and represents the total value consumed to date. This is only applicable for depreciable assets.

ACD = RC - DRC

7.3 Revaluation Outcomes

A complete listing of the revaluation outcomes for all assets including the valuation inputs and component cost build-up for all unit rates is provided in the Microsoft Excel Attachment A.

10.2 2611 2027 MEETING SCHEDULE AND WORK PLAN

Report Reference Number	ACR-1043
Prepared by	Stacey Hobbins, Acting Executive Manager Corporate Services
Supervised by	Peter Kocian, Acting Chief Executive Officer
Meeting date	Wednesday, 25 November 2026
Voting requirements	Simple Majority
Documents tabled	Nil

Attachments

1. Audit Work Plan

PURPOSE

The Audit, Risk and Improvement Committee (ARIC) is requested to endorse the proposed work plan and meeting schedule for the 2027 calendar year.

EXECUTIVE SUMMARY

The ARIC previously endorsed the Risk Based Audit Work Plan at its November 2024 Meeting. This Work Plan has been updated with 2026 being the first year of the rolling four-year plan.

It is recommended that the ARIC meet 3 times in the 2027 calendar year (4th Wednesday of the month), with the suggested work plan as follows:

Month	Activity
February	• 2026 Compliance Audit Return • 2026-27 Mid-Year Budget Review • Consolidated Status Report • Rates Collection Performance
July	• Significant Accounting Policies/Position Papers • Audit of Purchase Requisitions over $5k • Consolidated Status Report • Rates Collection Performance • Review of Risk Management, Credit Card and Purchasing Policies • Strategic Risk Register Update • Business Continuity Exercise - Report
November	• 2026-27 Audited Annual Financial Report and Audit Letters • Consolidated Status Report • Meeting Schedule and Work Plan for 2028

BACKGROUND

The *Local Government Act 1995* and *Local Government (Audit) Regulations 1996* establish the legislative framework for the Town's Audit, Risk and Improvement Committee (ARIC), including its responsibilities for oversight of financial reporting, risk management, internal controls, legislative compliance and internal and external audit activities.

Amendments to the legislative framework commenced on 1 January 2026, expanding the role of audit committees to include a greater focus on risk management and continuous improvement. The Town's ARIC Terms of Reference were subsequently amended and adopted by Council on 17 March 2026 to reflect these changes.

The Terms of Reference require the Committee to meet at least three times per year and to develop a forward meeting schedule incorporating the dates, locations and proposed work plan for each meeting in the forthcoming year.

The Town maintains a rolling four-year risk-based Internal Audit Work Plan to guide its audit and assurance activities, taking into consideration statutory reporting requirements, identified risks and the periodic review of key financial, operational and governance controls.

The proposed 2027 meeting schedule and work plan have been developed having regard to these requirements, the Committee's oversight responsibilities and the Town's available resources.

CONSULTATION

Acting Chief Executive Officer
Office of the Auditor General
Manager Corporate Services
EA/Governance Coordinator
Finance Team Members

STATUTORY ENVIRONMENT

The *Local Government Act 1995*, *Local Government (Audit) Regulations 1996* and *Local Government (Financial Management) Regulations 1996* establish the legislative framework for the Town's audit, risk management, internal control and financial reporting responsibilities.

The following statutory requirements inform the Committee's annual work plan:

Requirement	**Legislative reference**	**Reporting obligations**
Annual Financial Audit	Sections 7.2 and 7.9 of the *Local Government Act 1995*	The Town's accounts and Annual Financial Report are subject to an annual external audit, with the Independent Auditor's Report provided for consideration.
Compliance Audit Return	Regulation 14 of the *Local Government (Audit) Regulations 1996*	The annual Compliance Audit Return is reviewed by the Committee before consideration and adoption by Council.
Financial Management, Risk Management and Internal Controls Review	Regulation 17 of the *Local Government (Audit) Regulations 1996*	The CEO is required to review the appropriateness and effectiveness of the Town's systems and procedures relating to financial management, risk management, internal control and legislative compliance at least once every four financial years and report the results to the Committee.
ARIC Functions	Section 7.1A of the *Local Government Act 1995* and regulation 16 of the	Establishes the Committee's responsibilities for audit oversight, financial management, risk management and legislative compliance.

	Local Government (Audit) Regulations 1996	
Meeting Schedule	Regulation 12 of the *Local Government (Administration) Regulations 1996*	Requires local public notice of the dates, times and locations of scheduled Council and committee meetings for the forthcoming 12 months.

The Town's adopted ARIC Terms of Reference further require the Committee to meet at least three times per year and develop a forward meeting schedule incorporating the proposed work plan for each meeting.

Internal audit activities are undertaken in accordance with the Town's Internal Audit Charter, which provides for independent assurance over financial and operational controls, risk management and governance processes. Internal audit activities may be undertaken through internal resources or independent external contractors, subject to the applicable independence requirements.

POLICY IMPLICATIONS

Council has adopted an Internal Audit Charter, which outlines various objectives with respect to internal audit activities.

FINANCIAL IMPLICATIONS

Each year, Council approves an annual budget ranging between $10,000 - $15,000 for internal audit activities.

STRATEGIC IMPLICATIONS

The proposed 2027 Audit, Risk and Improvement Committee Meeting Schedule and Work Plan supports effective governance, accountability and oversight of the Town's financial management, risk management and internal control arrangements. This aligns with the Council Plan as follows:

10.1 Strive for excellence in leadership and governance, including sustainable financial, human resource, asset and risk management.

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)
Lack of resourcing to support an Internal Audit function	Possible (3)	Moderate (3)	Moderate (5-9)	COMPLIANCE Short term non-compliance but with significant regulatory requirements imposed	Manage by ensuring adequate budget allocation

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 ARIC Terms of Reference require the Committee to meet at least three times per year, with meeting dates determined annually by Council. The Committee is also required to develop a forward meeting schedule incorporating the proposed work plan for each meeting.

It is proposed that the Committee continue to meet three times during the 2027 calendar year, in February, July and November, with additional meetings convened if required.

The proposed work plan is informed by the Town's rolling four-year risk-based Internal Audit Work Plan and incorporates statutory reporting requirements, periodic reviews and activities supporting the Committee's oversight of financial management, risk management, internal controls and governance.

The Town's Internal Audit Charter provides for an independent and objective internal audit function, which may be delivered through dedicated internal audit resources or independent external contractors.

In determining how activities within the work plan are undertaken, consideration will be given to available resources, the nature and scope of each activity and the need to maintain appropriate independence, particularly where activities involve reviewing the effectiveness of existing financial or operational controls.

Month	Activity
February 24 @ 6.00pm, Council Chambers	• 2026 Compliance Audit Return • 2026-27 Mid-Year Budget Review • Consolidated Status Report • Rates Collection Performance
July 28 @ 6.00pm, Council Chambers	• Significant Accounting Policies/Position Papers • Audit of Purchase Requisitions over $5k • Consolidated Status Report • Rates Collection Performance • Review of Risk Management, Credit Card and Purchasing Policies • Strategic Risk Register Update • Business Continuity Exercise - Report
November 24 @ 6.00pm, Council Chambers	• 2026-27 Audited Annual Financial Report and Audit Letters • Consolidated Status Report • Meeting Schedule and Work Plan for 2026

CONCLUSION

The proposed 2027 Meeting Schedule and Work Plan is provided for the Committee's consideration and recommendation to Council for approval. The work plan is considered to be moderate and is proportional to organisational resources.

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:

Approves the following meeting schedule and work plan for the 2026 Calendar Year:

Month	Activity
February 24 @ 6.00pm, Council Chambers	• 2026 Compliance Audit Return • 2026-27 Mid-Year Budget Review • Consolidated Status Report • Rates Collection Performance
July 28 @ 6.00pm, Council Chambers	• Significant Accounting Policies/Position Papers • Audit of Purchase Requisitions over $5k • Consolidated Status Report • Rates Collection Performance • Review of Risk Management, Credit Card and Purchasing Policies • Strategic Risk Regis (Ctrl) • Business Continuity Exercise - Report
November 24 @ 6.00pm, Council Chambers	• 2026-27 Audited Annual Financial Report and Audit Letters • Consolidated Status Report • Meeting Schedule and Work Plan for 2026

REPORT ATTACHMENTS

Attachments start on the next page

Town of East Fremantle - 4 year Internal Audit Work Plan

Activity	Frequency	Risk Identified	Person Performing the Task	Consequence Rating	Likelihood rating	Risk Category	2024			2025			2026			2027			2028		
							February	July	November	February	July	November	February	July	November	February	July	November	February	July	November
Compliance Audit Return	Annually (Due 31 March)	Breach of legislation	EA/Governance Coordinator. Legal firms do provides a niche service to review the CARs and verify the responses, and this might be a service that the Audit Committee may wish to consider?	2	2	Low															
Commonwealth Home Support Program - Quality Audit	Final Audit	Breach of Quality Standards	Manager Commonwealth Home Support Program oversees audit	2	3	Low															
WHS Action Plan - Status Update	2025 Project	Inadequate WHS Framework/Work Race Incident	ELT	4	3	Moderate															
External Penetration Test Report	One Off	Cyber Risk	Manager Corporate Services	4	2	Low															
Review of Purchasing Policy	Every 2 years	Compliance/Probity	Finance Manager	3	2	Low															
East Fremantle Community Farm - Independent Financial Modelling and Audit	One Off	Financial Sustainability	Executive Manager Corporate Services	4	2	Moderate															
Strategic IT Plan Review	Every 2 Years	Inefficient work practices	Executive Manager Corporate Services	4	2	Moderate															
Business Continuity Exercise - Report	Every 2 Years	Business Disruption	Executive Manager Corporate Services	5	3	High															
IT DR Plan and Annual DR Test	Every 2 Years	Business Disruption	Executive Manager Corporate Services	5	3	High															
Policy Review - Internal Audit Charter; Fraud and Corruption Policy and Risk Management Policy in 2026	Every 2 Years	Fraud Risk	Office of CEO	5	1	Low															
Review of Credit Card Policy	Every 2 - 3 years	Misappropriation of funds/breakdown in controls	Manager Finance	4	1	Low															
Receive 5 Year Statutory Review of Record Keeping Plan and assessment against OAG Better Practice Guide.	Every 5 years	Inadequate record keeping practices	Manager Corporate Services	3	3	Moderate															
Review of Investment Policy (Investments)	Every 2 - 3 years	Not optimising return on investment	Executive Manager Corporate Services	2	2	Low															
Receival of Annual Financial Report	Annually	The Auditors Report is not received by the Statutory deadline of 31 December (s7.9 LGA) due to inadequate audit preparation	Manager Finance	4	3	High															
Information Systems Audit (Performance Audit OAG). Receival of Management Letter.	Annually	The Towns General Computer Controls are inadequate impacting business continuity and and security of information	The GCC Audit has been performed in 2018,2022 and 2023. It is expected that the Audit will be undertaken concurrently with the financial audit.	5	3	High															
Review of financial Management and Risk and Internal Control Systems	Every 3 years	That key findings from the FMR/Reg 17 Review are not actioned resulting in control weaknesses	Moore Stephens last performed this independent review in December 2022. Next review due November 2025. Estimated cost $25k	3	3	Moderate															
Mid Year Budget Review	Annually	Inadequate oversight of financial management resulting in material variances	Manager Finance/Executive Manager Corporate Services	3	3	Moderate															
Review of Significant Accounting Policies/Preparation of Position Papers	Annually	Annual Budget and Annual Financial Report is not consistent with Significant Accounting Policies	Manager Finance	3	3	Moderate															
Audit of all purchase requisitions over $5k for compliance with Purchasing Policy	Annually	Non-compliance with Purchasing Policy	Senior Finance Officer/Manager Finance	3	3	Moderate															
Rates Collection Report	Bi-annually	Non-recovery of rates	Revenue Officer	4	2	Moderate															
Review Insurance Renewal Report and Insurance Claims Performance	Every 3 years	Inadequate insurance cover	Executive Manager Corporate Services	4	2	Moderate															
Receive Risk Register Update including assessment of implementation of risk treatments and controls	Annually	Failure to implement risk treatments resulting in greater likelihood	Manager Corporate services	4	3	High															
Receive Consolidated Status Report of all Audit findings	Standing Item	Key findings are not actioned resulting in control weaknesses	Manager Finance	3	3	Moderate															
Update the Predictive Asset Renewal Model and revise the 10 year Capital Works Program	Annually	Inadequate asset management framework	Executive Manager Technical Services	4	3	High															
Undertake a condition assessment of assets and obtain a fair value assessment	Every 5 years (H+R due 27/28; Infra due 25/26)	Non-compliance with Reg 17A of the FMR 1996	Executive Manager Technical Services/Manager Finance	5	3	High															
Review of Controls pertaining to Payroll and the new Payroll Module	One-off	Payroll fraud	Senior Finance Officer/Manager Finance	3	1	Moderate															
Review of HR On-boarding/Off-boarding Process	Every 2 - 3 years	Inadequate controls regarding access to IT systems and custody of portable items	Manager, Corporate Services/HR	4	2	Moderate															
Self Audit against Auditor Generals Report 'Timely Payment of Suppliers'	Every 2 years	Late payment to suppliers	Senior Finance Officer	2	2	Low															
Establishment of Supplier Payments Policy and General Conditions of Contract for the Supply of Goods and Services under a Purchase Order	One-off	Late payment to suppliers	Executive Manager Corporate Services	2	2	Low															
Independent Review of Structure of Risk Register and evaluation of implementation of Risk Treatments	Every 4 years	Failure to implement risk treatments resulting in greater likelihood	Recommended that this be outsourced to an external risk consultant. Estimated cost $8k	4	3	High															

10.3 2611 POLICY REVIEW

Report Reference Number	ACR-1051
Prepared by	Stacey Hobbins, Acting Executive Manager Corporate Services
Supervised by	Peter Kocian, Acting Chief Executive Officer
Meeting date	Wednesday, 25 November 2026
Voting requirements	Simple Majority
Documents tabled	Nil

Attachments

1. Internal Audit Charter (2.2.5) Proposed amendments
2. Fraud and Corruption Policy (2.2.7) Proposed amendments

PURPOSE

To seek the Audit, Risk and Improvement Committee's endorsement of proposed amendments to the Internal Audit Charter and Fraud and Corruption Policy, for recommendation to Council for adoption.

EXECUTIVE SUMMARY

A review has been undertaken of two of the Town's governance and risk management policies:

- Internal Audit Charter (2.2.5)
- Fraud and Corruption Policy (2.2.7)

Minor amendments are proposed to update references to legislation and Australian Standards, reflect current governance arrangements and clarify relevant responsibilities.

The amended documents are presented to the Audit, Risk and Improvement Committee for consideration and recommendation to Council.

BACKGROUND

The Town maintains a suite of policies and procedures to support effective governance, risk management, internal controls and accountability.

The policies subject to this review were last amended as follows:

Policy	**Last amended**
Internal Audit Charter	17 September 2019
Fraud and Corruption Policy	Adopted 15 September 2020

The Town has received an audit management letter finding that the above documents require a review.

A review of these documents has been undertaken to assess their continued relevance and identify amendments required to reflect current governance arrangements, legislative requirements and applicable standards.

The proposed amendments are identified in the attached documents.

CONSULTATION

Acting Executive Manager Corporate Services

Acting Chief Executive Officer

STATUTORY ENVIRONMENT

Local Government Act 1995
Section 2.7(2)(b) provides that Council determines the local government's policies.

Local Government (Audit) Regulations 1996
Regulation 16 prescribes the functions of the Audit, Risk and Improvement Committee, including its responsibilities relating to audit, risk management and legislative compliance.
Regulation 17 requires the Chief Executive Officer to review the appropriateness and effectiveness of the Town's systems and procedures relating to financial management, legislative compliance and risk management at least once every four financial years and report the results to the Committee.

Corruption, Crime and Misconduct Act 2003

Public Interest Disclosure Act 2003

POLICY IMPLICATIONS

The review relates to the following existing Town policies:

- 2.2.5 Internal Audit Charter
- 2.2.7 Fraud and Corruption Policy

Subject to Council adoption, the amended policies will replace the existing versions.

FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the proposed amendments.

STRATEGIC IMPLICATIONS

Town of East Fremantle Council Plan 2026–2036
Outcome 10: Effective governance and partnerships
Objective 10.1: Strive for excellence in leadership and governance, including sustainable financial, human resource, asset and risk management.
Strategic Initiative 10.1.3: Schedule policy reviews for existing policies and identify new policies required.

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)
The regular review of governance and risk management policies assists in mitigating	Possible (3)	Moderate (3)	Moderate (5-9)	COMPLIANCE Minor regulatory or	Review existing policies and identify amendments

the risk of outdated or ineffective controls, unclear responsibilities and non-compliance with legislative requirements.				statutory impact	required to maintain effective governance and risk management arrangements.

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 Internal Audit Charter and Fraud and Corruption Policy have been reviewed to ensure they remain current and appropriate for the Town's governance framework.

The review of the Internal Audit Charter identified minor amendments to update references to Australian Standards, clarify the scope and independence of internal audit activities and reflect the role of the Audit, Risk and Improvement Committee.

The review of the Fraud and Corruption Policy identified amendments to update references to legislation and Australian Standards, clarify arrangements for reporting and investigating suspected misconduct, and reflect current governance responsibilities.

The proposed amendments are largely administrative and clarifying in nature and do not materially alter the intent or objectives of either policy.

The amended policies are provided as attachments, with changes identified for the Committee's consideration.

CONCLUSION

The proposed amendments will assist in maintaining a current and effective governance framework. It is recommended that the Audit, Risk and Improvement Committee endorse the amended policies and recommend their adoption by Council.

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. **Approves the amended Internal Audit Charter**
2. **Approves the amended Fraud and Corruption Policy**

REPORT ATTACHMENTS

Attachments start on the next page

TOWN OF EAST FREMANTLE

2.2.5 Internal Audit Charter

Type:	Corporate Services – Risk Management
Legislation:	Local Government (Audit) Regulations
Delegation:	N/A
Other Related Document:	

Objective

Internal audit provides an independent, ~~and~~ objective and risk based assurance ~~review~~ and advisory service to:

- provide assurance to Council, through the Audit, Risk and Improvement Committee, and the Chief Executive Officer that the Town's governance, risk management and internal ~~financial and operational~~ control processes ~~designed to manage the organisation's risks and achieve its objectives~~, are operating effectively and efficiently to support the achievement of the Town's objectives ~~in an efficient, effective and ethical manner~~; and
- assist management in evaluating and improving ~~and monitoring~~ the Town's governance, risk management, internal control and legislative compliance functions.

Definitions

"Risk": AS/NZS ISO 31000:2018~~09~~ defines risk as "the effect of uncertainty on objectives".

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. An objective may be financial, related to health and safety, or defined in other terms.

"Risk Management": The application of coordinated activities to direct and control an organisation with regard to risk.

Policy

Scope of internal audit

Internal audits may cover any programs, functions and activities of the Town and encompass the review of all financial and non-financial policies and operations. The scope and priorities of internal audit activities will be informed by the Town's identified risks and organisational priorities.

Independence

- Independence is essential to the effectiveness of the internal audit function.
- Internal audits will be performed by either using a dedicated internal audit resource reporting to the Office of the Chief Executive Officer or independent external contractors.
- Internal auditors will report their findings ~~functionally~~ to ~~Council through~~ the Audit, Risk and Improvement Committee ~~and are accountable~~ through ~~to~~ the Chief Executive Officer for the efficient and effective operation of the internal audit function.

Authority and confidentiality

Internal auditors are authorised to:

- have full, free and unrestricted access to ~~any and all of~~ the Town's records, ~~and other~~ documentation, premises and Town employees relevant to the conduct of their audit activities; and
- obtain assistance as required from Town employees.

Internal auditors are responsible and accountable for maintaining the confidentiality and security of the information obtained~~they receive~~ during the course of their work, in accordance with applicable legislative requirements and the Town's policies.

Roles and responsibilities

The internal audit activity encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Town's governance, risk management and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the Town's strategic objectives. This may include:

- evaluating risk exposure relating to achievement of the Town's strategic objectives;
- evaluating the reliability and integrity of information and the means used to identify, measure, classify and report such information;
- evaluating the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on the organisation;
- evaluating the means of safeguarding assets and – as appropriate – verifying the existence of such assets;
- evaluating the effectiveness and efficiency with which resources are employed;
- evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are carried out as planned;
- monitoring and evaluating governance processes;
- monitoring and evaluating the effectiveness of the Town's risk management processes;
- evaluating the coordination between ~~quality of performance of~~ external ~~auditors~~ and ~~the degree of coordination with~~ internal audit activities;
- providing advice related to governance, risk management and internal control as appropriate;
- reporting significant risk exposures and internal control issues, including fraud risks and governance issues; and
- evaluating specific operations at the request of Council and the Chief Executive Officer.

Relationship with external audit

Internal and external audit activities will be coordinated to help ensure the adequacy of overall audit coverage and to minimise duplication of effort.

Responsible Directorate:	Office of the CEO
Reviewing Officer:	Executive Manager Corporate Services
Decision making Authority:	Council
Policy Adopted:	20/11/18
Policy Amended:	~~17/9/19~~ December 2026
Former Policy No.	4.3.5

2.2.7 Fraud and Corruption

Type:	Corporate Services – Risk Management
Legislation:	*Local Government Act 1995* *Corruption, Crime and Misconduct Act 2003* *Public Interest Disclosure Act 2003* *Local Government (Model Code~~Rules~~ of Conduct) Regulations 2021~~07~~* *~~Australian National Audit Office.~~*
Delegation:	
Other Related Documents:	Fraud and Corruption Control Plan Town of East Fremantle ~~Strategic Community~~Council Plan ~~2017-2027~~2026-2036 ~~KRA~~10. Effective Governance and partnerships~~: Leadership and Governance~~ 10.1 *~~5.1. Strengthen organisational accountability & transparency~~* *10.1 Strive for excellence in leadership and governance, including sustainable financial, human resource, asset and risk management.* Risk Management Policy and Framework Code of Conduct AS 8001 - 2021~~08~~ Fraud and Corruption Control ~~AS 8003 - 2003 Good Governance Principals~~

Objective

The objective of this policy is to articulate the Town of East Fremantle's ("the Town") commitment to the prevention, detection, response and monitoring of fraud and corrupt activities.

This policy, and the Fraud and Corruption Control Plan, are key components of good governance and will establish the structure to address fraud and corruption, having regard to ~~in accordance with~~ the ~~best practice~~ guidance ~~as~~ set out in ~~the~~ Australian Standard AS 8001:2021 - *Fraud and Corruption Control ~~Standards (AS 8001-2008)~~*.

Policy Scope

This policy applies to:

- Elected Members;
- all workers whether by way of appointment, secondment, contract, temporary arrangement or volunteering, work experience, trainees and interns;
- any external party involved in providing goods or services to the Town, such as contractors, consultants, outsourced service providers and suppliers.

Definitions

Fraud is defined by Australian Standard AS8001 – 2021~~08~~ as:

"Dishonest activity causing actual or potential ~~financial~~ gain or loss to any person or ~~entity~~ organisation including theft of monies or other property by ~~employees or~~ persons internal and / or

external to the ~~entity~~ organisation and / or where deception is used at the time, immediately before or immediately following the activity."

Fraud can take many forms including:

- the misappropriation of assets;
- the manipulation of financial reporting (either internal or external to the Town); and
- corruption involving abuse of position for personal gain.

Corruption is defined by Australian Standard AS8001 – 2021~~08~~ as:

"~~Corruption is~~ ~~D~~dishonest activity in which a~~n~~ person associated with an organisation (eg. Director, executive, manager, employee or contractor) ~~of the entity~~ acts contrary to the interests of the ~~entity~~ organisation and abuses their position of trust in order to achieve some personal gain or advantage for ~~themselves or for~~ another person or organisation. ~~The concept of 'corruption'~~ This can also involve corrupt conduct by the ~~entity~~organisation, or a person purporting to act on behalf of and in the interests of the ~~entity~~organisation, in order to secure some form of improper advantage for the ~~entity~~organisation either directly or indirectly."

Corruption is any deliberate or intentional wrongdoing that is improper, dishonest or fraudulent and may include:

- conflict of interest;
- failure to disclose acceptance of gifts or hospitality;
- acceptance of a bribe;
- misuse of internet or email; or
- release of confidential or private information or intellectual property.

Corrupt conduct tends to show a deliberate intent or an improper purpose and motivation and may involve conduct such as the deliberate failure to perform the functions of office properly; the exercise of a power or duty for an improper purpose; or dishonesty.

Policy Statement

The Town is committed to a strong culture and sound governance that will safeguard public funds and property. The Town considers fraud, corruption and misconduct to be serious matters. Such behaviours are considered unacceptable and a zero tolerance approach is adopted by the Town towards such behaviour.

Fraud and corruption are a risk to the Town, including in terms of:

- financial loss;
- reputational impact;
- diversion of management energy;
- organisational morale;
- organisational disruption;
- loss of employment;
- reduced performance; and
- diminished safety.

All employees are accountable for, and have a role to play in, fraud and corruption prevention and control. The Town encourages staff to disclose actual or suspected fraudulent or corrupt activity. When identified, any suspected fraudulent or corrupt activity will be promptly ~~investigated~~assessed, and where appropriate, investigated or referred to the relevant authority. Where appropriate, legal remedies available under the law will be pursued. All alleged incidences will be investigated thoroughly. ~~Where appropriate, T~~the Town will protect the confidentiality~~anonymity~~ of those reporting suspected fraud or corruption, in accordance with the applicable legislative requirements.~~the activity.~~

Detrimental actions are not permitted against anyone who reports suspected or known incidents, consistent with the Town's Public Interest Disclosure procedures. The Town adopts a similar approach to those who maliciously and knowingly create a false allegation.

A Fraud and Corruption Control Plan has been developed to assist the Town to meet the objectives of this policy by ensuring that it has thorough, up-to-date processes in place to mitigate the risk of fraud or corruption occurring in the Town.

Fraud and Corruption Management

The Town will minimise fraud and corruption through:

- adopting the Fraud and Corruption Control Plan, which has regard to~~is aligned with the~~ Australian Standard AS 8001:8021 - *Fraud and Corruption Control ~~Standards (AS 8001-2008)~~;*
- incorporating fraud and corruption risk identification and mitigation strategies as part of the integrated and reporting planning framework;
- educating employees in accountable conduct and fraud awareness issues, including ongoing performance assessment and counselling; and
- monitoring, auditing and communicating processes.

Fraud and Corruption Control Plan

The objectives of the Fraud and Corruption Control Plan are to:

- reduce the potential for fraud and corruption within and against the Town;
- build a culture which seeks to prevent fraud and corruption;
- apply resources to the prevention of fraud and corruption;
- explain how suspected fraud and corruption is dealt with through risk management practices; and
- provide guidance on how any suspected instances of fraud or corruption are dealt with.

This Plan is comprised of four stages: planning and resourcing, prevention, detection and response; and details the Town's intended action in implementing and monitoring the fraud and corruption control initiatives.

The strategies relating to planning and resourcing, prevention, detection and response of fraud and corruption control includes but is not limited to:

- training and awareness;
- pre-employment screening;
- risk assessment;
- internal and external audit;
- whistleblowing; and
- investigation procedures.

Roles and Responsibilities

1. **Council**

   Council has the responsibility to adopt the Fraud and Corruption policy.

   Council has the responsibility to adhere to the Fraud and Corruption policy

2. **Audit, Risk and Improvement Committee**

   In relation to fraud control, the Audit Committee's responsibilities include:

   - reviewing risk management frameworks and associated procedures for the effective identification and management of fraud risks;
   - ~~overseeing~~ reviewing the development and implementation of the F~~f~~raud and Corruption c~~C~~ontrol P~~p~~lan, to provide assurance that the ~~entity~~ Town has appropriate processes and systems in place to prevent, detect and effectively respond to fraud-related information; and
   - providing leadership in preventing fraud and corruption.

3. **Chief Executive Officer**

   The Chief Executive Officer applies the Town's resources to fraud prevention and ensures the implementation of adequate controls for managing fraud and corruption risks within the Town.

The Chief Executive Officer, in accordance with ~~under~~ the *Corruption, Crime and Misconduct Act 2003* must notify the Corruption and Crime Commission of suspected serious misconduct and ~~or~~ the Public Sector Commission of suspected minor~~if~~ misconduct ~~is suspected~~.

4. **Leadership Team (Executive Managers, Coordinators/Supervisors)**

The Leadership Team is responsible for implementing the Fraud and Corruption Control Plan. In particular the Leadership Team must:

- provide leadership, guidance, training and support to employees in preventing fraud and corruption;
- identify high fraud risk areas;
- participate in fraud and corruption risk assessment reviews;
- monitor the continued operation of controls;
- report suspected fraud and corruption promptly, maintaining confidentiality; and
- ensure the protection of complainants who report fraudulent and corrupt activities.

5. **Public Interest Disclosure (PID) Officer**

The Public Interest Disclosure Officer is responsible for receiving, assessing and managing public interest disclosures, including investigating or arranging investigations and taking appropriate~~investigates disclosures, and take~~ action in accordance with ~~following the completion of investigations under~~ the *Public Interest Disclosure Act 2003*.

6. **Human Resources Coordinator**

The Human Resources Coordinator or delegated officer, will manage the discipline process and be responsible for:

- communicating the existence and importance of the Fraud and Corruption Control Plan; and
- delivering and/or coordinating fraud and corruption training.

7. **Employees**

All employees have a responsibility to contribute to preventing fraud and corruption by following the Code of Conduct, complying with controls, policies, processes, resisting opportunities to engage in fraudulent or corrupt behaviour and reporting suspected fraudulent or corrupt incidents or behaviour.

8. **Internal Audits**

Internal audits provide an independent and objective review and advisory service to:

- provide assurance to the Chief Executive Officer/Council that the financial and operational controls designed to manage the Town's risks and achieve the Town's objectives are operating in an efficient, effective and ethical manner; and
- assist management in improving the Town's business performance

9. **External Auditors**

External auditors provide an opinion on whether the Town's Annual Report represents a true and fair view of the financial position at a certain date.

Annual external audit of the Financial Reports assists in the detection of fraud under *Australian Auditing Standard ASA 240: The Auditors' Responsibility to Consider Fraud in an Audit of a Financial Report*.

Responsible Directorate:	Office of the CEO
Reviewing Officer:	CEO
Decision making Authority:	Council
Policy Adopted:	15/09/20

Policy Amended/Reviewed:	December 2026

10.4 2611 REVIEW OF INVESTMENT PERFORMANCE

Report Reference Number	ACR-1046
Prepared by	Stacey Hobbins, Acting Executive Manager Corporate Services
Supervised by	Peter Kocian, Acting Chief Executive Officer
Meeting date	Wednesday, 25 November 2026
Voting requirements	Simple Majority
Documents tabled	Nil

Attachments

1. Investment Analysis

PURPOSE

To provide the Audit, Risk and Improvement Committee with a review of the Town's investment performance for the financial year ended 30 June 2026, including investment returns, portfolio composition and progress towards fossil fuel divestment in accordance with Council's Investment of Surplus Funds Policy.

EXECUTIVE SUMMARY

During the 2025/26 financial year, the Town earned total interest income of $346,739, with an average term deposit portfolio of $5.66 million.

The Town continued to implement its fossil fuel divestment strategy, including the commencement of investments with Bendigo Bank in February 2026, a financial institution that does not directly finance fossil fuel projects.

This report provides an overview of the Town's investment performance and divestment activities in accordance with its Investment of Surplus Funds Policy.

BACKGROUND

In June 2016, Council adopted a fossil fuel divestment strategy through its Investment of Surplus Funds Policy, providing preference to financial institutions that do not invest in or finance the fossil fuel industry.

The Policy provides a price preference of 10 basis points (0.1%) below the most favourable investment quotation, subject to compliance with the Town's investment risk management requirements.

The Town's investment portfolio is managed with the primary objectives of preserving capital, maintaining sufficient liquidity to meet operational requirements and achieving competitive investment returns.

The Policy also requires monthly reporting to Council on investment performance, fossil fuel divestment, credit rating exposure and investment maturity profiles.

CONSULTATION

Acting Chief Executive Officer
Acting Executive Manager Corporate Services

STATUTORY ENVIRONMENT

Local Government Act 1995

Section 6.14 provides for the investment of money held in the municipal fund or trust fund that is not required for immediate use.

Local Government (Financial Management) Regulations 1996

Regulation 19 requires local governments to establish and document internal control procedures to ensure control over investments.

Regulation 19C prescribes the types of investments that local governments are permitted to make.

POLICY IMPLICATIONS

Policy 2.1.2 Investment of Surplus Funds.

The review assesses investment performance against the objectives and requirements of the existing Policy. No amendments to the Policy are proposed.

FINANCIAL IMPLICATIONS

During the 2025/26 financial year, the Town earned total interest income of $346,738.88, comprising $239,939.29 from term deposits and $106,799.59 from municipal and other bank accounts.

The Town's Investment of Surplus Funds Policy provides a price preference of 0.1% for eligible fossil fuel free investments, which may result in a marginal reduction in interest earnings where a lower rate is accepted.

There are no additional financial implications arising from this report.

STRATEGIC IMPLICATIONS

10.1 Strive for excellence in leadership and governance, including sustainable financial, human resource, asset and risk management.

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 is not viewed as a supporter of Divestment.	Possible (3)	Moderate (3)	Moderate (5-9)	REPUTATIONAL Substantiated, public embarrassment, moderate impact, moderate news profile	Accept Officer Recommendation
Failure to manage investments in accordance with Council policy, resulting in	Possible (3)	Moderate (3)	Moderate (5-9)	Financial / Compliance / Reputational	Existing Investment of Surplus Funds Policy, investment controls and monthly reporting to Council.

financial loss or reputational damage.					

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 Town maintains an investment portfolio comprising term deposits and cash held with authorised deposit-taking institutions. Investments are managed in accordance with Council's Investment of Surplus Funds Policy, with consideration given to capital preservation, liquidity requirements, investment returns and fossil fuel divestment.

Investment Performance

During the 2025/26 financial year, the Town earned total interest income of $346,738.88, comprising:

Investment Type	**Interest Earned**
Term deposits	$239,939.29
Municipal and other bank accounts	$106,799.59
Total	**$346,738.88**

The average month-end term deposit portfolio was approximately $5.66 million, with a balance-weighted average quoted interest rate of 3.97%. The Town's investment portfolio fluctuated throughout the year in response to cash flow requirements, with funds invested across Suncorp, NAB, Commonwealth Bank and

Bendigo Bank. At 30 June 2026, the Town held no term deposits, with approximately $6.47 million retained in Commonwealth Bank cash accounts.

The Town receives an interest rate of the cash rate less than 0.08% on its working account so there was negligible financial impact by redeeming all term deposits at the end of June.

Fossil Fuel Divestment
Council's Investment of Surplus Funds Policy provides a preference of 10 basis points (0.1%) for competitive quotations from financial institutions that do not invest in or finance the fossil fuel industry, subject to the Policy's risk management requirements.

During 2025/26, the Town commenced investing with Bendigo Bank, placing $1.5 million in February 2026. Bendigo Bank maintains a policy of not directly financing fossil fuel projects and is identified by Market Forces as a financial institution that does not directly fund fossil fuel projects. The Bendigo Bank investments generated $14,611.49 in interest income during the financial year and represented a maximum of 29.82% of the Town's month-end term deposit portfolio in April 2026. The Town continues to consider opportunities for fossil fuel divestment when placing investments, having regard to available investment products, competitive interest rates, credit ratings and liquidity requirements.

Investment Management and Reporting
The Town's Investment of Surplus Funds Policy establishes requirements relating to credit ratings, investment diversification, maturity periods and liquidity.

Investment balances and performance are reported to Council monthly as part of the Monthly Financial Report, providing ongoing oversight of the Town's investment activities.

The annual investment analysis is provided as an attachment to this report, summarising investment returns, portfolio composition and divestment activities for the 2025/26 financial year.

CONCLUSION

The Town's investment portfolio generated total interest income of $346,739 during the 2025/26 financial year, while maintaining a focus on capital preservation, liquidity and competitive investment returns. The Town continued to progress its fossil fuel divestment objectives through the introduction of Bendigo Bank investments. The Audit, Risk and Improvement Committee is requested to receive and note the annual review of investment performance for 2025/26.

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:

Receives and notes the Annual Review of Investment Performance for the financial year ended 30 June 2026, as detailed in this report and its attachment.

REPORT ATTACHMENTS

Attachments start on the next page

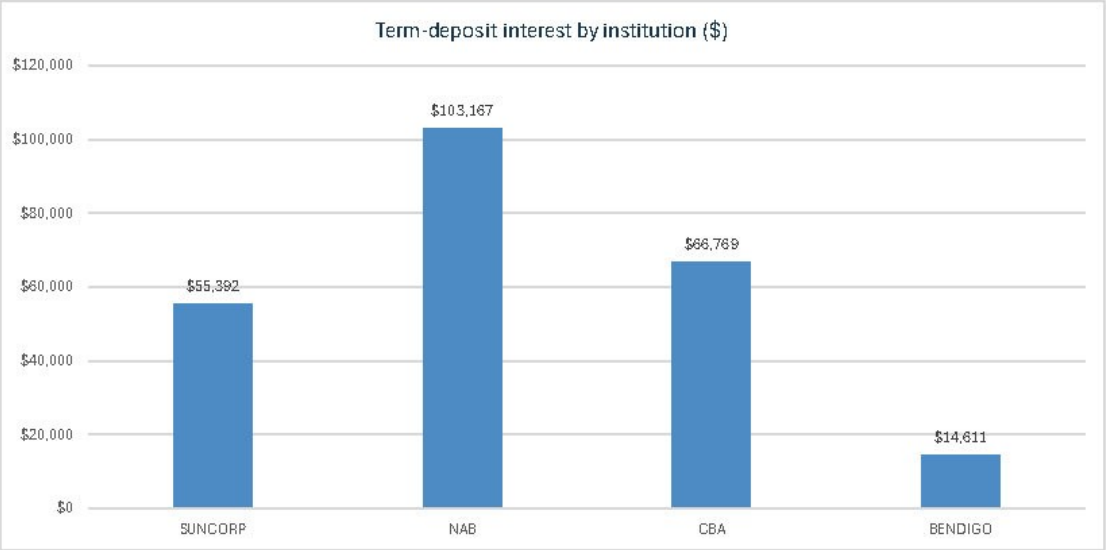
ANNUAL INVESTMENT PERFORMANCE | 2025/26

TOWN OF EAST FREMANTLE • Year ended 30 June 2026 • Council / Committee attachment

Total bank interest	Term-deposit interest	Average month-end TDs	Weighted quoted rate[1]
$346,739	$239,939	$5.66m	3.97%

1 | INVESTMENT PERFORMANCE SUMMARY

Institution	TD interest	Share of TD interest
NAB	$103,166.64	43.00%
CBA	$66,769.22	27.83%
SUNCORP	$55,391.94	23.09%
BENDIGO	$14,611.49	6.09%

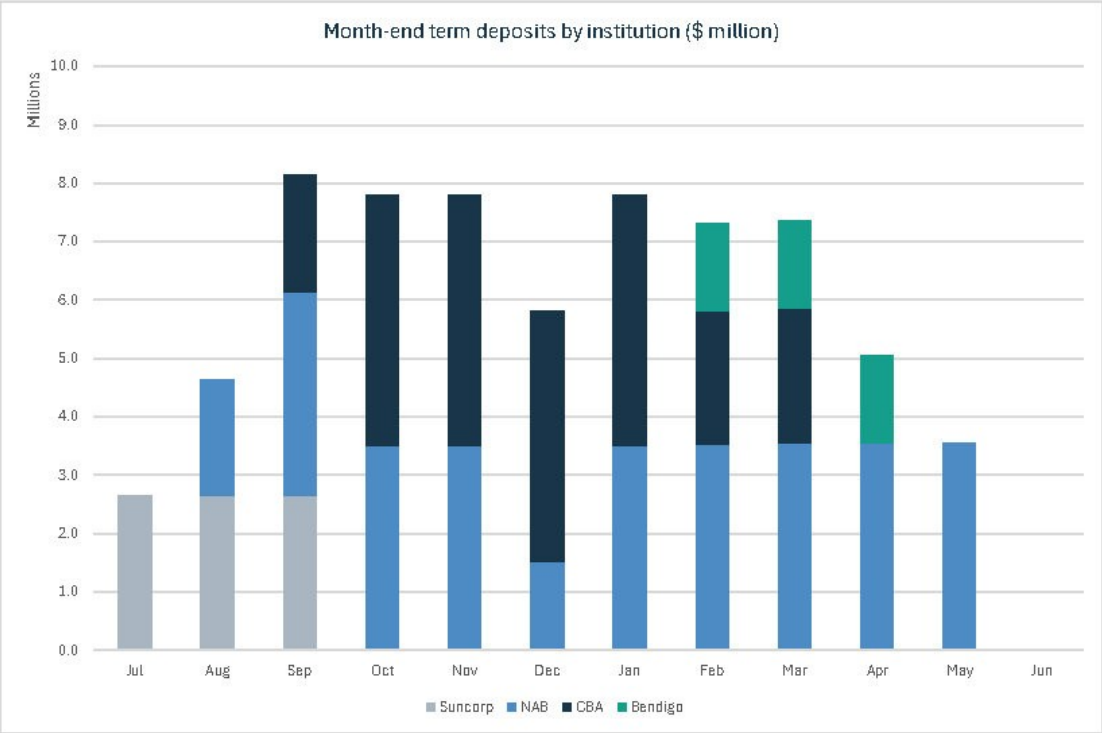


The Town recognised $346,738.88 in bank interest: $239,939.29 from term deposits and $106,799.59 from municipal / other bank accounts. NAB contributed 43.00% of TD interest. These figures describe income contribution, not a like-for-like ranking of bank returns: balances and investment periods differed.

[1] Average TDs uses all 12 month-end balances, including nil in June; cash at bank is excluded. The 3.97% figure weights recorded quoted rates by closing balances. It is indicative, not a realised investment return.

2 | INVESTMENT PORTFOLIO COMPOSITION

Month-end term deposits by institution ▪ July 2025 to June 2026 ▪ cash at bank excluded



Month-end term deposits peaked at $8.15 million in September 2025. Bendigo first appears in February 2026 and remains in the portfolio through April. The corrected May redemption is reflected: Bendigo has no closing balance in May or June.

All term deposits had been redeemed by 30 June 2026. June remains on the chart as a nil TD balance; it does not represent nil cash or nil interest income. June TD interest was $11,718.86 and the year-end CBA cash-at-bank balance was $6,468,738.11.

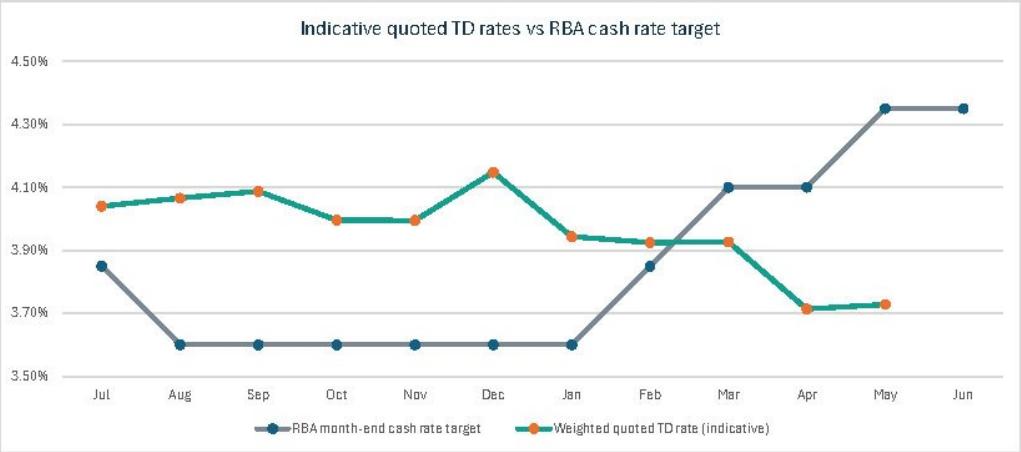
Interpretation: the chart shows where TD funds were held at each month-end, not new investments made during the year. Monthly snapshots must not be added together as a measure of funds invested.

3 | DIVESTMENT ACTIVITY

Initial Bendigo Bank placement	$1,500,000
Date commenced	24 February 2026
Bendigo TD interest	$14,611.49
Peak Bendigo share of month-end TDs	29.82%
Bendigo share of combined month-end TD balances	6.64%

Community-bank use is progress in implementing the Town's investment preference. These TD-only shares are not the fossil-free percentage of the Town's entire cash and investment portfolio.

4 | INDICATIVE TERM DEPOSIT INTEREST RATES COMPARED WITH RBA CASH RATE



This graph compares the portfolio's balance-weighted quoted term-deposit rate with the RBA cash rate target at each month-end. It shows a rate comparison, not the actual return earned. June has no TD rate because no term deposits remained at 30 June—not because no interest was earned during June. Rollover rates, including May's 4.00%, must be checked before this graph is used for Council reporting.

10.5 2611 CONSOLIDATED STATUS REPORT

Report Reference Number	ACR-1059
Prepared by	Acting Executive Manager Corporate Services
Supervised by	Acting Chief Executive Officer
Meeting date	Wednesday, 25 November 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 two additional audit findings arising from the 2025/26 external audit process.

Progress against previously identified actions has been limited during the reporting period, with significant resources directed towards the completion of the annual financial statements and external audit.

Management will prioritise progressing outstanding actions over the coming months, with a further update to be presented to the Audit, Risk and Improvement Committee in February 2027.

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.

CONSULTATION

Executive Leadership Team
Responsible officers identified in the Consolidated Status Report

STATUTORY ENVIRONMENT

Local Government Act 1995
Section 7.12A requires local governments to examine audit reports, determine whether matters raised require action and ensure appropriate action is taken.
Local Government (Audit) Regulations 1996
Regulation 16 establishes the functions of the Audit, Risk and Improvement Committee, including reviewing audit findings, monitoring the implementation of agreed actions and recommending improvements to Council.

Regulation 17 requires the Chief Executive Officer to review the appropriateness and effectiveness of the Town's systems and procedures relating to financial management, legislative compliance and risk management at least once every four financial years and report the results to the Committee.

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

10.1 Strive for excellence in leadership and governance, including sustainable financial, human resource, asset and risk management.

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 (3)	Moderate (3)	Moderate (5-9)	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 provides a central register for monitoring findings and management actions arising from external audits, financial management and Regulation 17 reviews, information systems audits and other assurance activities.

The register has been updated to incorporate two additional findings identified through the recent external audit process.

Progress in addressing previously identified findings has been limited during the reporting period, as management resources have been primarily focused on completing the 2025/26 annual financial statements and associated external audit requirements.

With the annual financial reporting process substantially completed, management will now place greater emphasis on progressing outstanding actions. This will include reviewing existing findings, confirming responsibilities and priorities, and following up on the implementation of agreed management actions.

An updated Consolidated Status Report will be presented to the Committee at its February 2027 meeting, providing a further opportunity to assess progress against outstanding findings.

The total findings outstanding 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	32	1	31	0
Final Financial Audit	6	1	3	2
Information Systems Audit	4	0	0	4
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.

14 findings have been highlighted in green text in the status report as being complete with no further action required. These findings are recommended for closure and removal from the status report.

CONCLUSION

The Consolidated Status Report provides the Committee with ongoing visibility of outstanding audit, risk, financial management and compliance findings.

While progress during the reporting period has been limited due to competing year-end financial reporting and audit priorities, management remains committed to addressing the outstanding actions.
Progressing these matters will be a priority ahead of the Committee's next meeting in February 2027.

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 Consolidated Status Report, as presented in Attachment 1.**
2. **Notes that management will prioritise progressing outstanding actions, with a further status update to be presented at the February 2027 Committee meeting.**
3. **Endorse the closure of the 14 findings highlighted in green text in the Consolidated Status Report.**

REPORT ATTACHMENTS

Attachments start on the next page

10.6 2611 STRATEGIC RISK REGISTER UPDATE

Report Reference Number	ACR-1053
Prepared by	Bron Browning, Manager Corporate Services
Supervised by	Stacey Hobbins, Acting Executive Manager Corporate Services
Meeting date	Wednesday, 25 November 2026
Voting requirements	
Documents tabled	
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 (ELT) on 10 November 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; however, the majority of residual risk ratings are assessed as being within the Town's current risk tolerance following consideration of existing controls.

Following the ELT review on 10 November 2026, it is recommended that the strategic risk relating to the Fremantle Bridge closure be removed from the register due to the completion of the project. A new strategic risk has been added concerning failure to adequately manage, maintain and renew the Town's infrastructure and asset portfolio. Potential impacts include premature deterioration or asset failure, reduced service levels, increased whole-of-life costs, safety impacts and an inability to meet community needs.

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 climate change impacts, business interruption, contractor and project management, workforce capability, waste management, liquid fuel disruption, cyber security and safety and asset sustainability.

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 Council Plan and supports oversight by the Audit, Risk and Improvement Committee.

At its quarterly meeting on 10 November 2026, ELT reviewed the Strategic Risk Register and reassessed risk ratings. ELT requested that the strategic risk relating to the Fremantle Traffic Bridge closure be removed

from the Register and that a new strategic risk concerning the Town's infrastructure and asset portfolio be added.

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 Council Plan:

10. Effective governance and partnerships:
    - 10.1 Strive for excellence in leadership and governance, including sustainable financial, human resource, asset and risk management.

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

N/A

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 four inherent risks rated Extreme: inability to manage community expectations and alignment with strategic direction; 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 risk controls and treatments are assessed as Adequate or Effective. 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 business interruption, where a Business Continuity Exercise is scheduled for 2026/2027; climate change and environmental management, including urban forest mapping and delivery of solar and battery projects; security and confidentiality, including the ongoing

Information Classification project and cyber security controls and maintaining and renewing the Town's Infrastructure and asset portfolio.

At its meeting on 10 November 2026, ELT have recommended the removal of the Fremantle Traffic Bridge closure risk and the addition of a new strategic risk, Safety and Asset Sustainability, relating to the failure to adequately manage, maintain and renew the Town's infrastructure and asset portfolio. The risk has an inherent rating of 16 (Unacceptable) and a residual rating of 9 (Adequate) after existing controls. Proposed treatments focus on completing the Asset Management Plan updates and condition assessments for the remaining asset classes and integrating the outcomes into the Forward Works Program and Long-Term Financial Plan. Full details are provided in the Strategic Risk Register.

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	Adequate (9)	Business Continuity Exercise scheduled for 2026/2027.
Security and confidentiality	Low (4)	Cyber training, vulnerability testing, ICT controls and Information Classification project.
Infrastructure and Asset Portfolio	Adequate (9)	Complete the current infrastructure Asset Management Plan updates and validate asset condition and renewal information.

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 and note the status of current strategic risks.

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 10 November 2026.**
3. **Notes that East Fremantle Community Park performance remains the principal high residual strategic risk requiring ongoing monitoring**
4. **Notes the addition of the new strategic risk relating to the Town's infrastructure and asset portfolio.**
5. **Approves the removal of the strategic risk relating to the Fremantle Traffic Bridge.**

REPORT ATTACHMENTS

Attachments start on the next page

11 MATTERS BEHIND CLOSED DOORS

12 CLOSURE OF MEETING