AUDIT RISK AND IMPROVEMENT COMMITTEE – STATUS REPORT

MEETING DATE	ITEM NO. & TITLE	ISSUE	RESPONSE	STATUS	RESPONSIBLE OFFICER
February 2024	12.2 AUDITORS' REPORT FOR THE YEAR ENDED 30 JUNE 2023	Auditors' Management Letter; Outstanding Commonwealth certifications *Shire has not yet completed the annual Commonwealth certification audits in relation to Local Roads and Community Infrastructure Program (LRCIP) and Roads to Recovery Program (RTR) for both financial reporting periods ending 30 June 2022 and 30 June 2023. Audited certifications were due to be submitted to Australian Government Department of Infrastructure, Transport, Regional Development, Communications and the Arts by 31 October each year.*	2021-2022 and 2022-2023 Certifications for Roads to Recovery and Local Roads and Community Infrastructure Program are outstanding. Completion of these is a priority and the Manager of Finance & Administration is working with auditors from Moore Australia WA to have the Certifications complete for final sign off by the OAG as soon as possible.	COMPLETE	Chief Executive Officer
September 2025	11.1 AUDITORS' INTERIM REPORT FOR THE YEAR ENDED 30 JUNE 2025	Interim Audit Management Letter; Information, Technology and Communication (ICT) plans and policies *The Shire has not implemented a comprehensive framework of ITC-related policies, nor does it have a comprehensive IT strategic plan and IT disaster recovery plan in place.* *This finding was initially raised in 2024, and management has since engaged an external consultant to address the matter during the 2025/26 financial year.*	*Development of an ICT framework and strategy was identified as a priority in the Shire's Corporate Business Plan and Risk Management processes and was also raised in the 2023/24 audit. An external consultant has been engaged to assist with the development of the ICT Framework and Strategy, which includes the development of ICT policies, and this will be completed during the 2026/27 financial year.*	In Progress	Chief Executive Officer
September 2025	11.1 AUDITORS' INTERIM REPORT FOR THE YEAR ENDED 30 JUNE 2025	Interim Audit Management Letter; Policies and procedures *As per the Financial Management Review performed in November 2024, we noted the following policies and procedures are not being tested to ensure its validity:* • *Business Continuity Plan.* • *Record Keeping Disaster Management Plan.*	*The Shire's Risk Management procedures and register require review and update, which is planned to be undertaken in the first half of the 2025/26 year.* *With external assistance, scenarios to test both the Business Continuity Plan and Record Keeping Disaster Management Plan will be scheduled during the 2025/26 year.*	In Progress	Deputy Chief Executive Officer

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		We also noted the following policies and procedures are largely undocumented or are outdated: • *Risk Management Procedures.* • *Risk Register*			
December 2025	11.1 AUDITORS' FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2025	Related Parties Declaration Form *We noted that the Shire has not obtained Related Party Declaration forms from Key Management Personnel and Councillors for the financial year ended 30 June 2025 as required by the Shire's Related Party Disclosures Policy.* *Related Party Declaration forms are key documents in the Shire's process of identification of related party transactions to comply with AASB 124 Related Parties.* *Without the signed declarations, management had to rely on prior year declarations and other enquiries to ensure that related party transactions disclosed in the financial report are complete and accurate.* *This finding was first reported in 2024.*	*Management is in the process of developing a new compliance calendar to be used as a tool to ensure that regulatory and operational requirements are met. The calendar is based on the Western Australian Local Government Association model, with additional tasks relating to financial management, including the requirement for Key Management Personnel and Councillors to complete annual Related Party Declaration forms each financial year.* *It is expected that the calendar will be finalised by the end of November 2025 and that the Chief Executive Officer's Office will review and update the calendar on a monthly basis.*	In progress	Chief Executive Officer
December 2025	11.1 AUDITORS' FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2025	Lands Held for Resale *During our review of the financial statements, we noted that no management assessment or external valuation was performed on land held for resale for the year ended 30 June 2025.*	*Management is in the process of developing a new compliance calendar to be used as a tool to ensure that regulatory and operational requirements are met. The calendar is based on the Western Australian Local Government Association model, with additional tasks relating to financial management, including a requirement to review the fair value of land held for resale on an annual basis.* *It is expected that the calendar will be finalised by the end of November 2025 and that the Chief*	In Progress	Chief Executive Officer

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			Executive Officer's Office will review and update the calendar on a monthly basis.		
December 2025	11.1 AUDITORS' FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2025	Excessive Annual Leave Balances *We noted that 6 employees have accrued annual leave balances in excess of 304 hours (2 years of annual leave entitlement) as at 30 June 25.*	*The Chief Executive Officer will develop an Employee Leave Policy for consideration at the December Ordinary Meeting of Council with the aim of reducing the number of staff with excessive leave over the next 18 months.*	In Progress	Chief Executive Officer
July 2026	11.1 AUDITORS' INTERIM REPORT FOR THE YEAR ENDED 30 JUNE 2026	*The Shire's Purchasing Policy requires them to obtain at least three (3) written quotations from a suitable supplier for purchases between $20,001 and $50,000 and obtain at least three (3) written quotations containing price and specification of goods and service for purchases between $50,001 and $250,000.* *We noted 5 instances (out of 20 samples) where the number of quotes obtained were not in line with the Purchasing Policy.* *We also noted 2 instances where the purchase order was raised after the invoice was received.* *This finding was initially raised in 2024, and since then, management has consistently reminded all staff of the requirement to adhere to the established policy. Management has also committed to continuing these reminders and reinforcing the importance of compliance through ongoing discussions.*	*Non-compliance is noted and accepted. Following recent staff changes, several improvements have been implemented.* *An electronic purchase order (PO) system has been introduced, incorporating key policy requirements, including quotation thresholds. Staff are required to complete the PO and attach all required quotes and supporting documentation in a single record.* *Where a PO is raised after an invoice, staff must complete a Creditor File Note form outlining the reason, ensuring these instances are documented and reviewed.* *All POs will be reviewed by the DCEO prior to payment to ensure compliance.* *Monthly reporting is also being implemented to monitor expenditure and procurement activity, improving oversight and identifying any issues early.* *Targeted staff training is being rolled out to reinforce understanding of the Purchasing Policy and individual responsibilities.* *Management will continue to monitor and reinforce compliance through ongoing oversight.*	In Progress	Deputy Chief Executive Officer

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July 2026	11.1 AUDITORS' INTERIM REPORT FOR THE YEAR ENDED 30 JUNE 2026	*We noted one instance (out of 10 samples) where there was no evidence of an independent review of the logs for changes in the supplier masterfile in the system, via the Audit Trail Report. We also noted another instance where this independent review was not performed in adding a new supplier to the supplier masterfile. We however acknowledge that there are adequate controls in place to verify suppliers' information before payments are processed.*	*Non-compliance is noted and accepted. To address this, an end-of-month process is being implemented which includes the generation and review of a detailed Audit Trail Report capturing all changes to the supplier masterfile. This report will be independently reviewed and formally signed off by two staff members to ensure appropriate oversight and segregation of duties. In addition, an annual review of the creditor masterfile will be conducted to confirm the accuracy and currency of supplier information, identify any unauthorised changes to vendor details, and remove inactive creditors. All changes to the supplier masterfile will be required to be supported by written documentation and authorised by appropriate personnel, ensuring a clear audit trail and accountability.*	COMPLETE	Deputy Chief Executive Officer
July 2026	11.1 AUDITORS' INTERIM REPORT FOR THE YEAR ENDED 30 JUNE 2026	*We noted that there are five users that have super-user access, which is considered excessive.*	*Non-compliance is noted and accepted. Management acknowledges the risks associated with excessive super-user access and the importance of maintaining appropriate segregation of duties. During the period, remote contractors were engaged to undertake specific work activities, which required temporary super-user access to the system. To strengthen controls, an end-of-month review process has been implemented to assess all user access, including super-user privileges. Any access that is no longer required will be removed to ensure permissions remain appropriate. In addition, an annual review of user access will be conducted to confirm that all staff have the minimum level of access necessary to perform their roles.*	COMPLETE	Deputy Chief Executive Officer