

Shire of Kellerberrin

Review of Financial Management and Legislative Compliance

Item Number	Source Document	Risk Assessment Category	Risk Issue and Failure Modes	Risk Identified	Risk Category	Action Required	Mitigation and Management Strategy (Possible Future Control)	Action Taken	Responsible Officer	Timeframe	Completion Date
1	Reg 17 Review (2023)	Risk Management Framework	We acknowledge that a Strategic Risk Report and Operating Risk Report for the period ended 31st March 2017 (the "reports") was prepared indicating that a risk assessment had been previously conducted, however perusal of the reports identified that risks had not been re-assessed on a periodic basis with completion dates noted as 2018 and risks were generic in nature.	Failure to identify risks or adequately treat identified risks	Medium	The Risk Management Framework should be updated as soon as possible in line with the new standard ISO 31000:2018 and should clearly outline the process for the development, management and reporting of the operational risk register. A Risk Management Policy should be developed. Both the revised Framework and Policy should then be endorsed by the Audit Committee.	Review - Enter into Attain	Noted. Framework, Policy and Procedure to be reviewed	MOG	Final Audit 2026	
2	Reg 17 Review (2023)	Risk Register	The current Risk Register can be further improved by incorporating not only audit related findings but also management identified and determined operational risk areas which would impact on the Shire's ability to provide its core services efficiently and effectively. Also, the Shire does not have a strategic risk register which would identify high level strategic type risks that would impact on the Shire's ability to continually provide services to its community.	Failure to identify risks or adequately treat identified risks	Medium	The Shire should enhance its existing operational risk register to include other non-audit identified type risks and also develop a strategic risk register as a matter of priority.	Risk Register to incorporate audit related findings and operational risks to improve the current register, as well as creating a strategic risk register within 6 months.	Noted. To be reviewed and updated	MOG	Ongoing	
4	Reg 17 Review (2021)	Tendering and Project Management	No tender checklist is utilised;	<ul style="list-style-type: none"> Lack of evidence in respect to risk assessment completed prior to tendering process; Potential improvements to the tender process are not realised; Contractual obligations may not be adequately documented and therefore not legally enforceable; Risk of non-compliance with Regulation 19 of the Local Government (Functions and General) Regulations 1996; and Lack of documentation to support tender evaluation outcomes. 	Medium	Development of a tender checklist to ensure a consistent process is followed when completing tenders	Prepare a checklist for all Tenders	Prepare a checklist for all Tenders.	CEO	30/06/2025	
5	Reg 17 Review (2021)	Outdated Plans and Reports	Local Emergency Management Arrangements Plan dated 9 May 2018 of more than 2.5 years old;	Risk of long term strategic objectives of Council not being met. Risk of non-compliance with statutory requirements.	Low	LEMA plan being presented to Council for review and adoption	Council adoption	LEMA has been reviewed.	CEO	30/03/2025	

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8	Reg 17 Review (2023)	Policy	There is no internal control policy. The Shire should consider developing an Internal Control Policy.	Risk of misconduct and fraudulent activity.	Low	<p>The Shire should consider developing an Internal Control Policy which should outline the following elements:</p> <ul style="list-style-type: none"> •The promotion of a risk-based approach to the development and maintenance of documented internal controls and procedures. This is to support a continual assessment of appropriate controls throughout the organisation by identifying the need for new controls (based on risk) and ensuring existing outdated and unnecessary controls are discontinued. This can be accomplished via staff awareness on the importance of compliance with key internal controls and how non-compliance can impact the Shire. •Documenting the Shire's key internal controls including the importance of all staff to be aware of the importance of maintaining proper segregation of duties controls especially within the finance and procurement functions. •Outlining a set of measures that should be implemented such as continual training etc to ensure staff are fully aware of, and understand, the relevant importance of key internal controls within their workplace. •The Shire should also consider including the requirement for all staff to be responsible for control awareness and also to contribute to the identification of risk areas within their workplace and their areas of responsibility. This could be done by adding these responsibilities in their respective job descriptions and incorporated as part of their induction program. <p>The Shire should also consider developing a suite of Human Resources policies which may include</p>	Develop Policy & Procedures to be endorsed by Council	Develop and put before Council	MOG	30/06/2025	
9	Interim Audit 2023/24	Operational	Business Continuity and Disaster Recovery Plan Shire's Business Continuity and Disaster Recovery Plan has not been reviewed and updated since financial year 2019-20.	Absence of an up to date Business Continuity and Disaster Recovery Plan may result in the Shire not having the required procedures in place to enable the effective restoration of key IT systems in the event of a major incident or disruption. This may impact business operations and the delivery of key services.	Medium	<p>The Shire should review and update the Business Continuity and Disaster Recovery Plan addressing the following salient points:</p> <ul style="list-style-type: none"> •Maximum tolerable data loss that backups can be scheduled and retained to meet recovery point objectives or appropriate physical records are maintained and protected •Relationship between key business processes and underlying IT systems •Restoration of network equipment <p>A schedule should be put in place to ensure regular review and update of the Plan.</p>	Plan in development with the assistance of IT Contractor.	Plan to be presented to July 2026 meeting.	MOG	1/07/2026	
10	Interim Audit 2023/24	Operational	Cyber Security Risks We could not be provided with documentary evidence demonstrating the existence of a Cyber-security Plan documenting the Shire's preparedness against the ever present and evolving nature of cyber security threats.	In the absence of a clear cyber security plan and related policies, the Shire may not be able to identify and mitigate the risks posed by cyber security threats and protect sensitive information and key systems against inappropriate disclosure, loss or misuse.	Medium	<p>The Shire should use a structured approach in consultation with its IT consultants (if required) to establish a cyber-security plan and implement related policies to mitigate cyber security risks.</p> <p>We suggest management refers to OAG's Report #19 dated 29 March 2023 on Information Systems Audit for Local Government to seek further guidance on enhancement to their general computer controls.</p>	In development with IT Contractor.	Cyber Security Policy to be presented to June 2026 Meeting.	MOG	With IT Contractor	
11	Interim Audit 2023/24	Operational	User Access Rights We noted that there was no formal process to review user access rights and privileges in the system to ensure they are in line with the responsibilities of individual staff member's roles/positions.	The lack of a formal process to review user access rights and privileges to the system increases the risk of unauthorised access to the system which could compromise data integrity.	Medium	<p>The Shire should establish a formal process to review user access rights periodically to ensure they are in line with individual staff roles and responsibilities.</p>	Formal review process to be established alongside IT Contractor.	Formal review process to be established alongside IT Contractor.	MOG	With IT Contractor	

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14	Interim Audit 2024/25	Operational	<p>Excessive Annual Leave During our audit of the leave balances, we noted 2 instances where employee annual leave balances as at end of February 2025 exceeded 300 annual leave hours. We further noted that the Shire's leave policy does not specify what constitutes excessive annual leave.</p> <p>Generally, an annual leave balance is considered 'excessive' if an employee has more than 8 weeks of annual leave.</p>	Excessive leave balances can have a significant impact on the Shire's future cashflows in an event where the leave entitlements are paid out, as the hourly rate applicable is that at the time of payment rather than at the time the leave accrual originates.	Low	<p>We recommend the Shire:</p> <ul style="list-style-type: none"> •Continues to monitor annual leave balances periodically to manage any excessive leave •Updates its leave policy to ensure it clearly defines that constitutes excessive annual leave so it's clearly communicated to staff. 	Policy to be put to Council	A policy has been drafted and will be put to Council. Leave balances are reviewed regularly, a portion of the annual leave accruals is due to long service leave being taken. Therefore, no annual leave used at this time.	MOG		Completed - Adopted at 03/04/2026 Council Meeting

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Item Number	Source Document	Risk Assessment Category	Risk Issue and Failure Modes	Risk Identified	Risk Category	Action Required	Action Taken	Responsible Officer	Completed Date
1	SCP Community Consultation Results	Education and Welfare	Transport for elderly residents	Lack of support for residents to attend appointments and essential services that are not provided within the Shire	Medium	Ongoing consultation with external stakeholders and community members on a needs basis to see when this service can be provided.	Council has been working with CEACA to ensure that there is availability of transport for members of our community.	CEO	
2	SCP Community Consultation Results	Recreation & Culture - Senior Centre	Suggestion that the Senior Centre needs to be moved to a more central facility	SPC 4.3 - Using the old Golf Club means that residents that don't drive or are too far away are unlikely to attend due to location being not central. Senior citizens unable to attend may feel isolated and lack support.	Medium	Possibility of an alternative location to be considered and assessed on viability	Council is currently reviewing options for the Seniors.	CEO / MOG	
3	FMR Audit 2023	Administration - Information Technology (IT) Control	IT Strategy Plan, IT Disaster Recovery Plan, IT Policy	<ul style="list-style-type: none"> •The Shire does not have an IT Strategy Plan. The IT Strategy Plan should address the Shire's current and future IT business needs and also address issues relating to the changing IT environment and how this may affect the Shire's financial operations over time. We understand that PCS is currently reviewing and updating this plan. •The Shire does not have an IT Disaster Recovery Plan to provide detailed information and actions to be taken in case of a disaster to ensure that the Shires IT operations can continue with minimal disruption. The IT Disaster Recovery Plan should include detailed information on business continuity measures. Again we understand that PCS is currently reviewing and updating this plan. •The Shire does not have a formal IT policy and procedures which governs staff logon protection and password security, internet usage etc. This should document how logons are to be created, who has approval to create a new logon, changing of user passwords and also to terminate a logon. Based on my discussions with PCS, PCS create new logons and change user passwords based on receiving an email from the CEO. 	Low	<p>We recommend that the CEO discuss the above matters with IT Contractors and ensure that an IT strategy Plan, IT Disaster Recovery Plan and formal IT policy and procedure document are updated and completed as a matter of priority.</p> <p>We also recommend that the CEO put in place a process by which all staff logon profiles are continually reviewed (say once every 3 months) and where a staff no longer requires their level(s) of system access that the level of access are updated/amended as soon as possible.</p>	IT Plans are in progress and will be followed up with contracted IT consultant. A formal IT policy is to be created and presented to Council within the financial year.	CEO / MOG	

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4	FMR Audit 2023	Administration - Asset Management	Asset Management Policy/Strategy	<p>We noted that the Shire's formal Asset Management Policy (Strategy) document is out of date last reviewed in 2016 which outlines the Shire's asset purchase approval process, asset classification, asset recording, asset stocktake process, asset write-off process and the need to maintain a minor asset register.</p> <p>We also noted that the Shire does not at present undertake a formal stocktake or checks on either an annual basis or routinely of all its major plant and equipment (depreciable equipment over \$5,000) to ensure that the plant and equipment still exists and/or that it is not impaired. Where the plant and equipment showing on the asset register no longer exists or is impaired then the asset register should be amended accordingly.</p> <p>Further, the Shire does maintain a minor asset register of all physical assets under \$5,000 which are not required to be depreciated. To ensure that the Shire also adequately manages these assets, especially those which can be described as portable and attractive items, the Shire should be progressively checking these items to ensure they are still in existence. We could not find any evidence that regular monitoring of the minor assets has been performed.</p> <p>The Financial Management Regulations require that Shires take steps (either by way of stocktakes or regular checks) to prevent theft or loss of Shire assets especially regarding the Shires portable and attractive assets (under \$5,000).</p>	Low	<p>We recommend that the CEO give consideration to the following:</p> <ul style="list-style-type: none"> •Review and update the asset management (strategy) policy and have the policy endorsed by Council. •Undertake a process by which all individual plant and equipment (preferably those that are considered to be mobile) which is on the depreciable asset register is regularly checked to ensure that the asset still exists. This can be done on an annual basis or routinely over a number of periods and should be documented and signed off by at least 2 staff as evidence that the checks were carried out. •undertake at least annual stocktakes of all minor plant and equipment which may be termed as portable and attractive assets (those that may be stolen without prompt detection) to ensure they are still in existence. Evidence of this should also be kept. 	A review of the asset management policy will be completed within the financial year and be presented to Council to be endorsed. Develop procedures to review depreciable assets and portable and attractive items.	CEO / MOG	
6	LGIS WHS Assessment 2026	Work Health Safety	Work Health & Safety	Health and safety legislative requirements have been identified for operations and work activities, and this is understood by management	Low	<p>There are legal requirements that directly apply to organisations. Guidance is made available as codes of practice, guidelines or standards. The organisation should be aware of those agreements and guidelines that are applicable to its operations and how they relate to the work activity, workers, contractors and suppliers.</p> <p>Develop a process for documents to be reviewed when changes to legislation occur. The process should include consultation with and training for affected workers.</p>	Work Health Safety Committee to monitor and report to quarterly committee meetings.	MWS	
7	LGIS WHS Assessment 2026	Work Health Safety	Work Health & Safety	A process for planning WHS has been developed in consultation with workers or their representatives, which has been implemented and reviewed	Low	<p>Expand on the health and safety planning document to identify responsible persons to complete WHS action items.</p> <p>Development of a process to hold responsible person accountable for completing action items. This could include action items discussed at WHS Committee or executive team meetings and minutes are maintained.</p>	Secretary of Work Health Safety Committee (Finance Officer) in conjunction with Executive Assistant maintain and update action items.	FO/EA	

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8	LGIS WHS Assessment 2026	Work Health Safety	Work Health & Safety	There is a process in place to identify workers with special needs and tasks assessed for suitability	Low	The Identifying Workers with Special Needs Procedure will be expedited through the approval process and communicated to relevant personnel. Revise the procedure to include the identification of medical conditions such as asthma or epilepsy, pregnancy and mental or physical disabilities. It should include requirements for supervision and training needs. Provision for task assessments will be included where identified to assess a worker's task suitability.	Draft policy to be created and implemented by September 2026.	FO	
9	LGIS WHS Assessment 2026	Work Health Safety	Work Health & Safety	Contractor management records are effectively maintained	Low	Review the contractor management process to include record retention requirements such as inductions, qualifications, insurances and consultation.	Templates to be supplied by LGIS.	MWS	
10	LGIS WHS Assessment 2026	Work Health Safety	Work Health & Safety	Policy, procedures, work instructions and work practices reflect current health and safety legislation, standards, codes of practice, guidance materials, agreements and guidelines	Low	Implement processes to ensure documents are reviewed to reflect current legislation, including a review of existing documents. This can be achieved by including document reviews as an agenda item at WHS Committee meetings.	Documents to be reviewed at quarterly Work Health and Safety committee meetings. Secretary to ensure agenda item is included.	FO	
11	LGIS WHS Assessment 2026	Work Health Safety	Work Health & Safety	Consultation arrangements are reviewed to ensure they remain effective	Low	Develop a process for the review of the consultation arrangements. The process will include a requirement to evaluate the effectiveness of the arrangements and provide information on the extent to which health and safety consultation with workers and contractors is effective and operating as planned. Effective communication relies on regular exchange of information with key stakeholders. Collection of ideas, feedback and complaints allows the organisation to identify opportunities for improvement.	Annual review by Work Health and safety Committee.	MWS	
12	LGIS WHS Assessment 2026	Work Health Safety	Work Health & Safety	Managers and supervisors are aware of the Issue Resolution process	Low	Review the Issue Resolution process and effectively communicate at induction to ensure that current legislated requirements are communicated to workers. Provide managers and supervisors training in the application of the Issue Resolution Procedure.	Draft issue resolution policy to be created and implemented by September 2026.	EA	
13	LGIS WHS Assessment 2026	Work Health Safety	Work Health & Safety	SWP/SWMS/JSA's are developed for tasks with significant safety risks	Medium	Review SWMS to identify if they are appropriate for the high-risk construction work tasks performed by workers. Identify and develop JSA's/SWPs/SOPs in consultation with workers for all other activities and work tasks. This can be achieved through the identification of high-risk work performed and develop SWMS in consultation with workers.	High risk construction SWMS/ JSA/SWP/SOP to be reviewed.	MWS/ FO	

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14	LGIS WHS Assessment 2026	Work Health Safety	Work Health & Safety	Implemented controls are reviewed to ensure they are effective	Low	Develop a process to review implemented control measures that includes evaluation of the effectiveness of controls that are in place and provides information on the extent to which the risk is reduced in accordance with original expectations. Reviews should consider improvements to existing controls and suggestions for alternatives or other controls that can be added to further reduce risk. Review the Hazard Reporting process and Register to include a requirement for control measures to be reviewed within a specified time frame to evaluate the effectiveness of the controls. Workplace surveys and monitoring also can be implemented.	Process for review to be implemented and taken to quarterly WHS committee meetings.	EA	
15	LGIS WHS Assessment 2026	Work Health Safety	Work Health & Safety	The training program is reviewed to ensure it remains appropriate	Low	Develop and implement a review process that provides information on the extent to which the training program objectives are achieved and the relevance and benefits of the training. Obtain feedback from supervisors or others in the workplace, ensure that acquired knowledge has been transferred into the work activities. This could be achieved through job observations that are documented.	Training register to be monitored and maintained.	FO	
16	LGIS WHS Assessment 2026	Work Health Safety	Work Health & Safety	Training is delivered by people with appropriate knowledge, skills and experience	Low	Develop a process for trainers' knowledge, skills and experience to be obtained, assessed and records maintained prior to selection in the Training Procedure.	Health and Safety management training for managers and supervisors.	MWS	
17	LGIS WHS Assessment 2026	Work Health Safety	Work Health & Safety	Records of training are kept	Low	Develop a process for post evaluation training records to be obtained to determine training suitability and effectiveness.	Training register to be monitored and maintained.	FO	