ATTACHMENT

SHIRE OF KELLERBERRIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Index of findings	Potential impact on audit opinion	Rating	Year first raised
1. Superannuation Guarantee Contributions and Matching Super Contributions	No	Moderate	2024
2. User Access Rights	No	Moderate	2023
3. Cyber Security Risks	No	Moderate	2023
4. Business Continuity and Disaster Recovery Plan	No	Moderate	2024
5. Network Use and Unauthorised Log in Attempts	No	Moderate	2024
6. No Service Level Agreement with IT Provider	No	Moderate	2026
7. Preferred supplier lists to be reviewed annually & approved by Council	No	Moderate	2026
8. Risk Management Framework	No	Moderate	2026
9. Employee Exit Checklist	No	Minor	2026
10. Employee Increment Letters	No	Minor	2026
11. Supplier Masterfiles	No	Moderate	2026

Ratings
The ratings in this management letter reflect our assessment of risks based on the likelihood and potential impact if no action is taken. These outcomes consider both quantitative impact (such as financial loss) and qualitative impact (such as inefficiency, non-compliance, poor service to the public or loss of public confidence).

● **Significant** – Findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit opinion, it should be addressed promptly.

● **Moderate** – Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

● **Minor** – Those findings that are not of primary concern but still warrant action being taken.

ATTACHMENT

SHIRE OF KELLERBERRIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

1. Superannuation Guarantee (SG) Contributions and Matching Super Contributions

Finding
During our payroll testing, we noted one instance out of our sample of 20 employees where SG contributions had not been calculated correctly for an employee which we understand arose as a result of an error in the set-up of accounts/pay policies.

Similar issues relating to superannuation calculations were reported in our 2024 and 2025 management letter.

Management commenced reviewing SG contributions in more detail as part of the payroll process in the 2025-26 year.

Rating: Moderate (2025: Significant)

Implication
There is a risk of under/over payment of superannuation guarantee contributions and non-compliance with associated laws and regulations.

Recommendation
The Shire should investigate the recurring root causes of the errors in the superannuation calculations.

Management Comment
This instance has been rectified through the payroll system. Superannuation & Audit trail reports are presented to Management for review and authorisation for each payroll identifying new employees/changes to employee details. The report ensures correct superannuation % is allocated and when superannuation is increased.

Responsible person: Payroll Officer & Management Team
Completion date: 30/06/2026

ATTACHMENT

SHIRE OF KELLERBERRIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

2. User Access Rights

Finding
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.

This finding was first raised in 2023.

Rating: Moderate (2025: Moderate)

Implication
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.

Recommendation
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.

Management Comment
Establish a formal procedure on user access rights for bi-annual review in January & July.

Responsible Person: MOG
Completion Date: Prior to final audit

ATTACHMENT

SHIRE OF KELLERBERRIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

3. Cyber Security Risks

Finding
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.

This finding was first raised in 2023.

Management have advised that they have contracted an IT consultant to assist in establishing a cyber-security plan and implement related policies to mitigate cyber security risks. We understand this is still in progress.

Rating: Moderate (2025: Moderate)

Implication
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.

Recommendation
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.

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.

Management Comment
A Cyber Security Policy was adopted by Council in June 2026. A desktop exercise has been completed for a Cyber Security uplift program. A Cyber Security Plan is currently being established alongside LGIS (Marsh) and IT Consultant and to be presented before Council prior to Final Audit.

Responsible Person: Management Team
Completion Date: Prior to final audit

ATTACHMENT

SHIRE OF KELLERBERRIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

4. Business Continuity and Disaster Recovery Plan

Finding
The Shire's Business Continuity and Disaster Recovery Plan has not been reviewed and updated since financial year 2019-20.

This finding was first raised in 2024.

Management have advised that they have contracted an IT consultant to assist with the review and update of the Business Continuity and Disaster Recovery Plan. We understand this is still in progress.

Rating: Moderate (2025: Moderate)

Implication
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.

Recommendation
The Shire should review and update the Business Continuity and Disaster Recovery Plan addressing the following salient points:

- 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

A schedule should be put in place to ensure regular review and update of the Plan.

Management Comment
Plan under review in consultation with IT Consultant. Plan to be presented for Final Audit.

Responsible person: MOG
Completion date: Prior to final audit

ATTACHMENT

SHIRE OF KELLERBERRIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

5. Network Use and Unsuccessful Log in Attempts

Finding
We noted that there was no formal process to monitor network use and unsuccessful log in attempts.

This finding was first raised in 2024.

Rating: Moderate (2025: Moderate)

Implication
Early detection of unauthorised access, data breaches and the compromise of sensitive information by external parties or staff within the Shire may not be possible in the absence of regular monitoring of network use and unsuccessful log in attempts.

Recommendation
The Shire should establish a formal process to monitor network use and unsuccessful log in attempts periodically to ensure unauthorised use of the network is detected early and appropriate remedial action is taken.

Management Comment
Current software does not have the capability for this level of monitoring as mentioned in previous audit management comments. Councils' management seeks feedback on how this is expected to be completed or how other organisations perform this. If not Council seeks permission to have this formally removed from the Audit Report.

Responsible Person: MOG
Completion Date: N/A

ATTACHMENT

SHIRE OF KELLERBERRIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

6. No Service Level Agreement with IT Provider

Finding
We noted that there was no signed service level agreement (SLA) between the Shire and its IT Service Provider.

Rating: Moderate

Implication
There is a risk that the IT Service Provider and the Shire may lack clarity about the expected levels of service delivery and the Shire may not receive the level of service they have paid for.

Recommendation
We recommend that management ensure there is a signed SLA with the Shire's IT Service Provider to formalise the expected levels of service delivery.

Management Comment
IT Consultant selected through RFQ process. IT Agreement located on file.

Responsible person: MOG
Completion date: 30/06/2026

ATTACHMENT

SHIRE OF KELLERBERRIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

7. Panel of Pre-Qualified Suppliers

Finding
To streamline and improve the procurement process, the Shire Procurement Policy makes provision for a Panel of Pre-Qualified Suppliers when a range of similar goods and services are required to be purchased on a continuing and regular basis. The Procurement Policy states that the length of time of a Local Panel is decided with the approval of the CEO/ Executive Director but limited to a maximum of 3 years.

We were unable to obtain evidence that the current Panel of Pre-Qualified Suppliers was reviewed within the last 3 years in accordance with the Procurement Policy to ensure the suppliers remain appropriate and provide competitive prices to ensure the Shire is meeting its procurement objectives.

Rating: Moderate

Implication
The Shire has not complied with the Procurement Policy by ensuring the Panel of Pre-Qualified Suppliers is reviewed within a 3 year period.

Without periodic review and approval of the Panel of Pre-Qualified Suppliers there is a risk that suppliers who no longer represent the best value for money, capability, or service quality continue to be engaged. This may further limit competition and reduce the Shire's ability to demonstrate that procurement decisions are made in an open, transparent, and economical manner.

Recommendation
The Shire should review and update its Panel of Pre-Qualified Suppliers in accordance with the Procurement Policy. Consideration should be given to the availability of suppliers within and outside the local area where appropriate as well as suppliers who represent the best value for money, capability and service quality.

Management Comment
To be completed prior to final audit and put before Council.

Responsible person: MWS & EA
Completion date: Prior to final audit

ATTACHMENT

SHIRE OF KELLERBERRIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

8. Risk Management Framework

Finding
We noted that the Shire has a Risk Management Framework in place. However, the framework was last reviewed and updated in February 2017. Consequently, the framework is outdated and may not reflect current risks, governance arrangements, and risk management practices.

A Risk Management Framework provides the foundation for identifying, assessing, monitoring, and managing risks across the organisation. It supports effective governance and assists Council and management in achieving strategic and operational objectives within an acceptable level of risk.

Rating: Moderate

Implication
An outdated Risk Management Framework may not adequately reflect current risks, responsibilities, reporting requirements, or best practice risk management processes. This may reduce the effectiveness of the Shire's risk management activities and governance arrangements.

Recommendation
The Shire should review and update its Risk Management Framework to ensure it remains current, relevant, and aligned with the Shire's operational environment, strategic objectives, and contemporary risk management practices. The updated framework should be approved by the Audit and Risk Committee, adopted by Council and reviewed periodically thereafter.

Management Comment
Risk Management Framework to be reviewed and put before Council & the Audit, Risk & Improvement Committee prior to 2027 Interim Audit.

Responsible person: MOG
Completion date: 2025/26 Audit

ATTACHMENT

SHIRE OF KELLERBERRIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

9. Employee Exit Checklist

Finding
We noted that the Shire does not have an employee exit checklist to ensure employees who are leaving the Shire, have returned all Shire property and have had their access to the premises and IT systems removed prior to their departure.

Rating: Minor

Implication
Without a formal exit checklist being completed prior to the employee's departure from the Shire, there is a risk of loss of Shire property as well as inappropriate access to the Shire's premises and IT systems.

Recommendation
We recommend that management develop and implement an exit checklist to ensure employees who are leaving the Shire, have returned all Shire property before they leave, and their access to IT systems and the Shire's premises are removed promptly upon their departure.

Management Comment
The existing employee exit checklist has been reinstated and is currently under review to improve its format and conciseness.

Responsible person: Payroll Officer & EA
Completion date: 30/06/2026

ATTACHMENT

SHIRE OF KELLERBERRIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

10. Employee Increment Letters

Finding
We noted 4 instances from our sample of 20 where an employee had received an increase in pay but there was no correspondence on file to evidence that the increase had formally been communicated to the employee.

Rating: **Minor**

Implication
There is no formal evidence to support the current pay rates of employees, and the absence of a formal increment letter makes it difficult to resolve any potential pay disputes with employees.

Recommendation
We recommend that management ensure increment letters are issued to employees to formally communicate pay increment events and that these are placed on employee files as evidence of the communication.

Management comments
Councils' management has issued a memo to the payroll officer for the award increases. All other increases are provided in a letter to the employee and a copy provided to the payroll officer and placed on file.

Responsible person: Management Team
Completion date: Ongoing

ATTACHMENT

SHIRE OF KELLERBERRIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

11. Supplier Masterfiles

Finding
From our review of changes to supplier masterfiles, we noted 4 instances out of our sample of 10 where supplier verification procedures, such as ABN validation and other background checks, was not evidenced on the "New/Update Creditor" form.

Our testing to validate suppliers' information in the system did not identify any discrepancies.

Rating: Moderate

Implication
Without sufficient checks of new suppliers such as ABN checks, there is a risk that inappropriate or fraudulent payments could be made.

Recommendation
We recommend that management ensure checks on new suppliers are performed and evidenced on the "New/Update Creditor" form.

Management Comment
New/Updated Creditor Procedure to be updated prior to Final Audit.

Responsible person: Finance Officer & Management Team
Completion date: Prior to final audit