



SHIRE OF MORAWA

**AUDIT & RISK MANAGEMENT
COMMITTEE MEETING**

ATTACHMENTS

Wednesday, 23 July 2025



**WESTERN AUSTRALIA'S
WILDFLOWER COUNTRY**

Agenda Attachments

Shire of Morawa

Audit and Risk Management Committee Meeting

23 July 2025

List of Attachments

Item 10 - Reports from Officers

10.1 2022-2023 Regulation 17 Actions Update

Attachment 1 – 10.1a Shire of Morawa Reg 17 Action Items – July 2025

10.2 2024-25 Management Letter – Interim Audit 2

Attachment 1 – 10.2.1 Interim Management Letter

Audit & Risk Management Committee Meeting

23 July 2025

Attachment 1 ***10.1a Shire of Morawa Reg 17 Action
Items – July 2025 Update***

Item 10.1 **2022-2023 Regulation 17 Actions Update**

Risk Management									
System or procedure	Civic Legal Suggested actions	CEO Review	Action	Timeframe for Delivery	Status Update Mar 2024	Status Update July 2024	Status Update December 2024	Status Update March 2025	Status Update July 2025
Risk management framework	Ensure the <i>Project and Event Risk Register</i> within the <i>Project Template Spreadsheet</i> is completed in a timely manner for all projects.	The development of a improved risk management framework, risk registers, and risk reporting processes is underway. Project and event risk assessment templates were introduced over the last 12 months and it is expected that it needs to be further embedded in the organisation.	Develop risk framework and supporting registers, as well as monitoring processes.	November 2023 (aligns with CEO KRA)	Register updates still in progress.	Project manangement and risk review framework is being developed. Reporting within Reliansys will be a focus over the next 6 months.	Project manangement and risk review framework is being developed. Reporting within Reliansys will be a continued focus.	No Change	No Change
	Review and continue to develop the <i>Risk Register</i> .								
Risk reporting	Create a formal risk reporting procedure for employees and visitors to the Shire, for risks outside of the work health and safety framework.	It appears as though officers and processes have matured well in terms of WHS practices. Risk reporting for non-employees is likely a much higher maturity level and not a high priority at this stage.	Enhance risk and WHS processes to ensure clear reporting options for non-employees and employees	Jan-26	No Change	No Change	WHS Framework Executive Policy Endorsed 30 November 2024.	Completed	Completed
	Formalise the employee risk reporting structure through written systems and procedures.								
Business Continuity Plan	Ensure the <i>IT Disaster Recovery Plan</i> is resourced and budgeted for.	IT DR Planning is already underway as part of strategic ICT improvements and ICT Planning commenced in 2022	Complete ICT body of work currently underway including ICT DR Plan	Jun-23	ICT Disaster Recovery Plan has been drafted as an Executive Policy and is under final review.			Completed	Completed
	Draft a new <i>Business Continuity Plan</i> or expand the scope of the current <i>IT Disaster Recovery Plan</i> to ensure all necessary considerations are addressed.								
		Business continuity has been more of a undertake than document with things such as Covid, Cyclone etc. being unplanned for. However given the Shire has a well functioning ICT cloud system it allows great flexibility in terms of administrative officer movements. Depot operations need to to be thought about in more detail.	Develop a Shire Business Continuity Plan	Dec-23	Draft in progress.	Plans completed. Currently under review by new manager with ICT oversight.	Plans still to be endorsed.	No Change	No Change
Addressing incorrect accounting estimates	Draft a written procedure to guide the investigation and correction of incorrect accounting estimates.	The Shire has moved from 1 budget review per year to 3 which has substantially improved the attention paid to estimates etc. Given accounting misstatement is usually minor and timing related would say this is low priority.	Review budget review procedures	Dec-25	No Change	No Change	No Change	No Change	No Change
Dealing with insurance claims and legal litigation	Develop a procedure for dealing with insurance claims, both from the Shire and from third parties.	The Shire is generally guided by LGIS in terms of these processes.	Develop internal guide document supported by LGIS to ensure key staff are aware of processes.	Dec-23	No Change	Draft in progress	Draft in progress	No Change	No Change
	Develop a procedure for dealing with litigious claims.								
Preventing and uncovering misconduct, fraud and theft		Documenting segregations that must be maintained is probably the key requirement.	Document financial segregation of duty requirements.	Mar-24	Synergy security has been brought in house and segregation has been implemented.	Develping an access review policy and process over the next 6 months.	Develping an access review policy and process over the next 6 months.	No Change	No Change
Environmental risk management	Develop environmental management plans for all high-risk sites (e.g. depot, landfill site, airport and orphan landfill sites). It would be prudent to include the small, unregulated sites as well in such plans.	This area was also highlighted as part of end of year audit and will be a focus over the next 12 months.	Develop Environment Management Plans	Dec-23	Rehabilitation plan developed for Jones Lake Landfill	Curently no budget or resources for environmental management plans. Review completed. Next review due January 2025 and LGIS will be undertaken Asbestos Awareness training with relevant staff in the next 6 months.	Curently no budget or resources for environmental management plans. Review completed. Next review due January 2025 and LGIS has undertaken Asbestos Awareness training with relevant staff.	No Change	No Change
	Review the <i>Asbestos Policy</i> , if not already done.								
	Develop plans and procedures to support the disposal of hazardous waste.		Complete review of asbestos and other hazardous material processes, policies and registers	Dec-23	LGIS undertaking an Asbestos Review				
Work health & safety (WHS) procedures	Develop an overarching program or procedural document which captures the various WHS practices undertaken by the Shire.	Over the last 12-18 months the Shire has significantly enhanced its WHS processes. Much of the time has been spent undertaking tasks. It is agreed that now is a good time for relection, documentation, and consolidation so all processes are clear. Majority of WHS related policies need to be Executive Policies with a overarching Council commitment to good practice.	Review WHS Council Policies and Develop Executive Policies	Dec-23	Draft WHS Framework developed. With CEO for review.	CEO & Coordinator People, Culture and Safety looking at the subset policies and procedures. Constantly evolving document.	WHS Framework Executive Policy Endorsed 30 November 2024.	Completed	Completed
	Review the <i>Operational Health and Safety Policy</i> to ensure it is consistent with the Shire's obligations under the recently introduced WHS legislation. Amend the title to ' <i>Work Health and Safety Policy</i> '.							Completed	Completed

Addressing control weaknesses identified by the external auditor	Draft procedure for responding to the auditor and reporting to the Audit Committee (action monitoring and closing out).	These processes should be fairly simple and common sense but having an overarching Exec Policy or Procedure will provide clarity. Not seen as high risk.	Develop Exec Policy or Procedure to meet overarching ARC requirements	Mar-24	No Change	Draft in progress	Draft in progress	No Change	No Change
Procurement Framework	Draft an overarching procedure to guide the entire procurement process. This should make reference to the <i>Purchasing Policy</i> and WALGA Procurement Toolkit where appropriate.	Operational level guidance and training is needed. Shire generally has very few people undertaking purchasing so low risk but the processes needs to be better understand by all levels.	Develop Better Practice Purchasing Executive Policy and accompanying procedures	Dec-23	Forms and online procurement training implemented.	Development of Better Practice Purchasing Executive Policy and procedures in progress	Development of Better Practice Purchasing Executive Policy and procedures in progress	No Change	No Change
	Ensure all officers with authority to undertake purchases on behalf of the Shire are aware of, and are following, the approved procedure.		Develop and implement basic training when purchasing authorisation is given	Dec-23					
Use of corporate credit cards	Review the <i>Corporate Credit Card Policy</i> , if not already done.	All Council Policies are due for review.	Review all Council Policies	Jun-23	Completed	Looking to develop executive policy aligned to OAG better pratcice reports to further enhance Corporate Credit Card Management.	EMP05 Corporate Credit Card Policy adopted 20 July 2023. Executive Policy to be considered in 2025.	No Change	No Change
Communicating changes to the Shire's control environment to relevant employees	Conduct a review of all council policies and ensure they are of a strategic focus. Council policies that are operational in nature should be converted to 'executive policies'.	A lot of progress in employee communication and process improvement has been made to date and now is a good time to conduct an overarching review of policies and their relevance at a strategic or operational context.	Review all Council Policies	Jun-23	In progress - Stage 3 review report to be presented at March 24 OCM. Currently still 27 policies overdue for review.	In progress - Stage 4 review report to be presented at July 24 OCM. Currently still 23 policies overdue for review. Numerous planning policies identified that we are intended to tranisition to local Planning policies as opposed to Council policies.	In progress - Stage 4 completed with 24 policies reviewed. 37 further policies require review. Stage 5 to presented to December 2024 OCM	Completed	Completed
	Introduce a procedure to standardise how employees are to be informed about changes to the Shire's control environment.		Develop an Executive Policy around SDLT, Staff Meetings and general all of staff communication	Dec-23	Executive policy around SDLT, Staff Meetings and general all of staff communication approved April 2023.	Completed	Completed		
Induction procedures	Draft an operational induction procedure to guide supervisors conducting inductions. Cultural considerations should be considered.	Inductions and onboarding were highlighted as a deficiency in the workforce plan and whilst early work has been on a improved system for onboarding. The next stage will be around improving inductions and a procedure and training around this will be key.	Draft an operational induction procedure to guide supervisors conducting inductions. Cultural considerations should be considered.	Dec-23	In progress - Coordinator People, Culture and Safety recruited in Feb 2024.	In progress - Coordinator People, Culture and Safety still refining the process.	In progress - delayed due to loss of staff and changing procedures.	No Change	No Change
	Training should be provided to supervisors to reinforce the procedure.		Training should be provided to supervisors to reinforce the procedure.	Dec-23	No Change - to be implemented once the procedure is developed.	No Change - to be implemented once the procedure is developed.	No Change - to be implemented once the procedure is developed.	No Change	No Change
IT management plan and data recovery procedure	Complete the <i>5 Year ICT Plan</i> .	Both the ICT Plan and ICT DR planning are well progressed and are expected to be completed shortly.	Complete the 5 Year ICT Plan.	Jun-23	Completed	Completed	Completed	Completed	Completed
	Ensure that the review of the <i>IT Disaster Recovery Plan</i> occurs and is progressed.		Ensure that the review of the IT Disaster Recovery Plan occurs and is progressed.	Jun-23	Completed	Completed	Completed	Completed	Completed
Cyber security	Draft written procedures regarding the Shire's cyber security protocols. This is an area of critical importance in the <i>5 Year ICT Plan</i> .	The Shire has come a long way over the last 12 months, with staff training, phishing tests, basic policy development, and a new ICT Plan. Documenting more intricate ICT components is needed but is at a higher maturity level and will likely occur in 2024 once a new managed service contract is in place.	Draft written procedures regarding the Shire's cyber security protocols	Jun-24	No Change	Commenced development of an overarching ICT policy that encompasses cyber security.	Commenced development of an overarching ICT policy that encompasses cyber security.	No Change	No Change
Emergency evacuation procedures	Ensure evacuation drills are conducted periodically. This may be managed for example, by setting a calendar reminder or including it as a task in the <i>RelianSys</i> program.	Evacuations testing has not been a common occurance over the last few years probably due to the low risk work areas.	Ensure at least one evacuation drill is conducted each year.	Dec-23	No Change	No Change	No Change	No Change	No Change
	Consider maintaining an internal checklist or procedure to capture the work of the Environmental Health Officer. This would help to ensure tasks/inspections are undertaken in a regular and timely manner. It would also minimise corporate knowledge loss should the officer leave.	EHO services have been hit and miss over the last few years with the arrangement with Town of Victoria Park still in its infancy. Current EHO has developed a simple checklist and process.	Document EHO duties and activities to ensure actions are taken in a timely manner and corporate knowledge is maintained.	Dec-23	Working with Private Contractor and Town of Victoria Park to improve documentation and processes	Vic Park EHO resources have been limited. MOU being finalised for Vic Park resource. Engaged a contractor for further EHO support.	EHO currently outsourced to contractor on as required basis.	No Change	No Change
Internal Control									
System or procedure	Suggested actions	CEO Review	Action	Timeframe for Delivery	Status Update March 2024	Status Update July 2024	Status Update July 2024	Status Update March 2025	Status Update March 2025
Delegation register review	Establish a register of delegations from the CEO including all on-delegations.	The Shire has very few on delegations and letters of delegation are provided as required but a full register needs to be established	Establish a register of delegations from the CEO including all on-delegations.	Jun-23	Completed	Completed	Completed	Completed	Completed

Recording use of delegations	<p>Ensure letters notifying officers of their delegations include details regarding recording requirements.</p> <p>Develop a procedure to capture how the use of delegations is to be recorded. This may need to be reinforced by staff training and internal checks/audits.</p>	<p>Most uses of delegation align to statutory documents, planning approvals, or authorisations and as such are recorded as a matter of course. Recording requirements should be covered in the register and will depend on the delegation.</p>	<p>Ensure recording requirements are included in delegation register and letters</p>	Jun-23	Completed	Completed	Completed	Completed - Procedure not yet done.	Completed - Procedure not yet done.
Policy manual review	<p>Develop a system to ensure policies are reviewed in a timely manner and prioritise those that are overdue (e.g. <i>Bush Fire Policy</i> (July 2020)).</p>	<p>The whole Council Policy manual needs a full review as per risk findings. Executive Policies are a fairly new thing for the Shire and establishing as a policy framework helps provide weight to the documents so suggest not changing the name. A review procedure/policy should be developed.</p>	Review Council Policy Manual	Jun-23	In progress - Stage 3 review report to be presented at March 24 OCM. Currently still 27 policies overdue for review.	In progress - Stage 4 review report to be presented at July 24 OCM. Currently still 23 policies overdue for review.	In progress - Stage 4 completed with 24 policies reviewed. 37 further policies require review. Stage 5 to presented to December 2024 OCM	In progress - Stage 5 completed. 2025 Policies requiring review to be presented at April/May OCM	In progress - Stage 5 completed. 2025 Policies requiring review to be presented at September OCM
	<p>Develop a written procedure to guide the review process for both council, and executive policies.</p>		Develop a written procedure to guide the review process for both council, and executive policies.	Jun-23	In progress	In progress	In progress	No change	No change
Internal audits/reviews	<p>Consider conducting periodic internal reviews (e.g. that the <i>Tender Register is</i> completed, the correct number of quotes are secured for purchases, that keys are signed out and back in).</p>	<p>Internal audits are something that will require a higher level of maturity in the organisation. As a sector it tends to be the Band 1 Local Governments looking at Internal Audit due to resource constraints. Potentially the Shire could pick the top 5 risks and see if Town of Victoria Park could develop a testing regime.</p>	Investigate key risk areas for monitoring and discuss interim review requirements	Dec-23	Compliance reviews aligned to CAR process	Compliance reviews aligned to CAR process. Reliansys software is in use to monitor. Movement away from spreadsheets and registers.	No change	No change	No change
Liaising with legal advisors	<p>Review the <i>Legal Proceedings Policy</i>, if not already done.</p>	<p>There is a big difference between advice and expenses relating to legal proceedings and pre-emptive or regulatory advice. The Shire has not had a need for advice relating to proceedings but does contact legal support for leasing, contracts, processing related to the Act such as rates recovery, and other areas where it is better to ensure the job is done correctly. Agree an executive policy is needed but not a high priority/risk area.</p>	Review Council Policy Manual	Jun-23	In progress - Stage 3 review report to be presented at March 24 OCM. Currently still 27 policies overdue for review.	In progress - Stage 4 review report to be presented at July 24 OCM. Currently still 23 policies overdue for review.	In progress - Stage 4 completed with 24 policies reviewed. 37 further policies require review. Stage 5 to presented to December 2024 OCM	In progress - Stage 5 completed. 2025 Policies requiring review to be presented at April/May OCM	In progress - Stage 5 completed. 2025 Policies requiring review to be presented at September OCM
	<p>Draft an executive policy for engaging legal advisors.</p>		Draft an executive policy for engaging legal advisors.	Dec-24	In progress	In progress	In progress	No change	No change
Restricting access to physical assets and records	<p>Create a procedure and a control register for hard-copy records/files. This would record staff details, and dates when individual records are accessed, removed, and returned.</p>	<p>The Shire's record keeping system and procedures is in need of review. Inconsistancy driven by high employee turnover and limited local government experience of employees. Record keeping is not well grasped even at bigger Local Governments but it is important that core documents and functions are well managed and recorded. And new employees receive basic training.</p> <p>Keys and facility hire processes are in need of review but generally are low risk and lower priority.</p> <p>Ensure all procedures, including for example, the <i>Hiring of Facilities/ Equipment Procedure</i>, are dated and include a review period/date.</p>	Undertake a full record keeping review, develop enhanced procedures, and develop staff training.	Dec-23	To be reviewed	Assigned to consultant for review.	Consultant advised no longer available to undertake the review. Task to be undertaken in house in 2025.	In progress	In progress
	<p>Ensure there is a formal process/register for recording keys and swipe cards that are allocated to employees.</p>		Ensure there is a formal process/register for recording keys and swipe cards that are allocated to employees.	Jun-23	Improved key policy and processes developed	Completed	Completed	Completed	Completed
	<p>Ensure all procedures, including for example, the <i>Hiring of Facilities/ Equipment Procedure</i>, are dated and include a review period/date.</p>		Ensure all procedures, including for example, the <i>Hiring of Facilities/ Equipment Procedure</i> , are dated and include a review period/date.	Dec-23	Initial review undertaken	Completed	Completed	Completed	Completed
Electronic records management procedures	<p>Conduct an audit of the Shire's record-keeping systems to ensure that they meet relevant records' management standards, and ensure that all files/data are being appropriately classified and saved in the Shire's IT system.</p>	<p>See record keeping review above</p>	Undertake a full record keeping review, develop enhanced procedures, and develop staff training.	Dec-23	To be reviewed	Assigned to consultant for review.	Consultant advised no longer available to undertake the review. Task to be undertaken in house in 2025.	In progress	In progress
Updating computer applications and information systems	<p>Ensure regular meetings are conducted with the Shire's IT contractor in accordance with contractual obligations.</p>	<p>With the completion of the ICT Plan the next stage of the ICT review is to develop a new scope of works and go to market for a managed service provider. All of the actions will form part of this new contract.</p>	Undertake new managed service provider scope of works and implement ICT Plan recommendations.	Dec-23	Draft RFT prepared including clear managed service KPIs	RFT with MCSP for final review.	RFQ process undertaken. Submissions with contractor (Cohesis) for review and recommendation before a report to Council for project award.	New ICT managed provider contracted. In Progress.	Integrated ICT have now onboarded all staff. All systems and servers have been migrated across to Integrated ICT
Authorising changes to data files and systems	<p>Provide staff training to support the rollout of the written procedures. This training should also be included as part of the new staff induction process. Follow-up training should also be offered periodically.</p>	<p>In general staff don't have access to or change data files or systems. They generally change files that are being used for work. ICT identified as a lower priority item.</p>	Use ICT system to control staff access and edit opportunities	Dec-24	No Change	No Change	No Change	No Change	No Change
Comparing physical cash and inventory counts with accounting records.	<p>Ensure all facilities receiving cash have written procedures to support cash handling, reconciliation and delivery to the administration building for receipting/banking.</p>	<p>Exec Policy on cash handling is on the list to be developed. The Shire only handles very small amounts of cash.</p>	Develop Executive Policy for Cash Handling	Dec-23	No Change	No Change	No Change	No Change	No Change
Asset management plan	<p>Complete the <i>Integrated Asset Management Plan</i>.</p>	<p>Asset Management planning is a key focus of the new EMWA. A comprehensive suite of useable plans</p>	Complete critical asset planning and	Dec-23	Road Maintenance Plan	Draft RMP will be discussed at the July	No Change	No Change	No Change

	Review the <i>Asset Management Policy</i> and <i>Road Management Policy</i> , if not already done.	will take time but the Shire aims to develop plans for critical items within the next 12 months.	review associated policies.		in progress		Concept Forum.			
Legislative Compliance										
System or procedure	Suggested actions	CEO Review	Action	Timeframe for Delivery		Status Update March 2024	Status Update July 2024	Status Update July 2024	Status Update March 2025	Status Update March 2025
Ensuring compliance with legislation, regulations, industry standards and internal policies	Consider amending the <i>Service Delivery Leadership Team agenda template</i> to include 'legislative compliance' as a standing item.	Regulatory and legislative compliance is unlikely to interest most employees and in most circumstances employees will look to the CEO for clear direction in this area. Suggest developing communication document/protocol as opposed to bringing into meetings.	Develop Executive Policy to drive what and how the CEO distributes information across the organisation	Dec-24		No Change	No Change	No Change	No Change	No Change
Reviewing the annual Compliance Audit Return (CAR) and reporting the results to council	Draft a procedure for completing the annual CAR. This should include standards expected in regard to, for example, sampling and the provision and recording of evidence.	Agree with suggested action. CEO is generally key driver and reviewer of CAR.	Draft a procedure for completing the annual CAR. This should include standards expected in regard to, for example, sampling and the provision and recording of evidence.	Dec-24		In progress	In progress	In progress	No Change	No Change
Receiving, recording and addressing complaints	Review the <i>Complaints Management Policy</i> , if not already done.	Full review of Council Policies is needed.	Review Council Policies	Jun-23		In progress - Stage 3 review report to be presented at March 24 OCM. Currently still 27 policies overdue for review.	In progress - Stage 4 review report to be presented at July 24 OCM. Currently still 23 policies overdue for review.	In progress - Stage 4 completed with 24 policies reviewed. 37 further policies require review. Stage 5 to presented to December 2024 OCM	In progress - Stage 5 completed. 2025 Policies requiring review to be presented at April/May OCM	In progress - Stage 5 completed. 2025 Policies requiring review to be presented at Septmeber OCM
	Draft a procedure for dealing with internal complaints. This may refer to the WALGA industrial relations guidance documents where appropriate.	Internal Grievance procedure or executive policy is needed.	Draft a procedure for dealing with internal complaints. This may refer to the WALGA industrial relations guidance documents where appropriate.	Jun-24		No Change	In progress	In progress	No Change	No Change
Identifying and managing adverse trends	Amend/draft a new Executive Team agenda template to include 'adverse trends' as a standing item.	The redevelopment and growth of the risk framework should provide a mechanism to identify adverse trends in terms of the risk to the Shire.	Finalise risk framework and associated registers and processes.	Dec-23		Completed	Completed	Completed	Completed	Completed
Ensuring the Audit Committee understands and complies with all relevant requirements	Review the <i>Audit Committee Terms of Reference</i> .		Review the Audit Committee Terms of Reference.	Oct-23		Completed	Completed	Completed	Completed	Completed
	Reduce the membership of the Audit Committee to ensure differentiation between the Audit Committee and the council.		Reduce the membership of the Audit Committee to ensure differentiation between the Audit Committee and the council.	Oct-23		Completed	Completed	Completed	Completed	Completed
	Consider advertising for a suitably qualified or experienced independent member to join the Audit Committee.	Agree with all actions. Some items are being driven by LG Reform.	Consider advertising for a suitably qualified or experienced independent member to join the Audit Committee.	Oct-23		In progress	CEO has been given authority to advertise. Have yet to commence process.	CEO has been given authority to advertise. Have yet to commence process.	Completed. Recommendation being presented to ARC Meeting 20 March 2025	Completed.
	Consider amending the title of the 'Audit Committee' to the 'Audit and Risk Committee'. If this is done, amend the functions specified in the committee's <i>Terms of Reference</i> .		Consider amending the title of the 'Audit Committee' to the 'Audit and Risk Committee'. If this is done, amend the functions specified in the committee's Terms of Reference.	Oct-23		Completed	Completed	Completed	Completed	Completed
	Ensure all councillors complete their mandatory training and annual financial returns in a timely manner.		Ensure all councillors complete their mandatory training and annual financial returns in a timely manner.	Oct-23		In progress	In progress	In progress	In progress	In progress
Reviewing local laws	Ensure automated reminders to conduct local law reviews are programmed into the <i>RelianSys</i> . Note that reviewing local laws is often a time-consuming process. Therefore, the initial reminders should be sent at least a year before the review deadline.	Local Laws will be incorporated within Reliansys if they aren't already.	Ensure Local Law reviews are scheduled in Reliansys	Jun-23		Completed	Completed	Completed	Completed	Completed

Audit & Risk Management Committee Meeting

23 July 2025

Attachment 1 ***Attachment 1 – 10.2.1 Interim
Management Letter***

Item 10.2 ***2024-25 Management Letter – Interim
Audit***

SHIRE OF MORAWA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Overdue Financial Management Review	No	✓			
2. Proof of Budget Submission	No	✓			
3. Supplier Masterfile Changes	No		✓		✓
4. Procurement and Purchases	No		✓		
5. Credit card reconciliation	No			✓	
6. Creditor batch controls	No			✓	

Key to ratings

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Significant - Those 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.

The ratings included are preliminary ratings and could be modified pending other findings being identified, rated and the consideration of them collectively on the ratings and any potential impact on the audit opinion.

SHIRE OF MORAWA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

1. Overdue Financial Management Review

Finding

We note that the last financial management review was performed in January 2022.

In accordance with *Local Government (Financial Management) Regulations 1996 Part 2 Para 5 (2)(c)* the financial management reviews are to be performed not less than once in every 3 financial years

Rating: Significant

Implication

In the absence of the financial management review being performed, management is unable to ensure and demonstrate that systems and procedures relating to risk management, internal control and legislative compliance are adequate and operating effectively.

Such practice is also non-compliant with *the Local Government (Financial Management) Regulations 1996 Part 2 para 5 (2)(c)*.

Recommendation

Management should ensure that the review is performed at the earliest for the Shire to comply with the LG Regulation.

Management comment

The Financial Management Review was due to be undertaken in 2024 but not progressed due to turnover of key staff. The FMR will be undertaken in second half of 2025 instead.

Responsible person:	Brad Douglas Executive Manager Corporate and Community Services
Completion date:	30 November 2025

SHIRE OF MORAWA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

2. Proof of Budget Submission

Finding

We note that there is no evidence of lodgement of Annual Budget to the Department of Local Government, Sport and Cultural Industries for the financial year 2023/24.

In accordance with *Local Government (Financial Management) Regulations 1996 Part 3 Para 33A (4)* the annual budget reviews are to be provided to the Department within 14 days after council has made a determination.

Rating: Significant

Implication

Non-compliance with Local Government (Financial Management) Regulations 1996 Part 3 Para 33A (4)

Recommendation

We recommend the Shire to keep records of the Annual Budget lodgement to the Department of Local Government, Sport and Cultural Industries.

Management comment

The Shire has been unable to confirm whether a copy of the Adopted Budget for 2024/25 was submitted to the Department. This task will be completed for the 2025/26 Annual Budget once it is adopted by Council.

Responsible person:	Brad Douglas Executive Manager Corporate and Community Services
Completion date:	August 2025

SHIRE OF MORAWA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

3. Supplier Masterfile Changes**Finding**

We did not find any evidence of an independent review of the logs for changes in the supplier masterfile in the system. We however acknowledge that there are adequate controls in place to verify suppliers' information before payments are processed.

This finding was initially raised in 2024. Management is still in the process of addressing this issue.

Rating: Moderate (2024: Moderate)

Implication

Without this review there is a risk that unauthorised changes could be made to supplier information and the errors or omissions are not identified before processing payments.

Recommendation

We recommend that management implements an independent review of the system changes on the *Audit Trail Reports* on a regular basis.

Management comment

Management will implement an independent review of system changes on the Audit Trail Reports on a regular basis.

Responsible person:

Name Brad Douglas
Executive Manager Corporate and Community Services

Completion date:

July 2025

SHIRE OF MORAWA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

4. Procurement and Purchases

Finding

We tested 31 samples during our procurement testing and noted the following issues:

- 2 instances where purchase orders are issued after suppliers' invoices.
- 1 instance where there was no proof of approval on a credit note.
- 2 instances where there was no evidence of approval on purchase orders.
- 1 instance where minimum number of quotations were not obtained from supplier as required by the purchasing policy.

Rating: Moderate

Implication

Purchases made without authorised purchase orders increase the risk of unauthorised expenditure occurring or not adhering to the Shire's procurement policy.

The absence of formal approval of invoice and purchase orders before payment can lead to duplication of payments, paying for fraudulent or fictitious invoices.

Recommendation

All authorised officers should be reminded of the need to ensure purchase orders are raised and authorised prior to authorising works/services or ordering goods and invoices are approved before payments. This will help to ensure goods/services have been appropriately ordered and authorised and help the Shire in managing its budget responsibility.

Management comment

All authorised officers will be reminded of the need to ensure that purchase orders are raised and authorised prior to authorising works or ordering goods and are approved before payments are made.

Responsible person: Brad Douglas
Executive Manager Corporate and Community Services

Completion date: July 2025

SHIRE OF MORAWA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

5. Credit card reconciliation

We noted that credit card reconciliation statements in October 2024 for CEO and Executive Manager of Corporate Services do not have any evidence of an independent review.

Rating: Minor

Implication

The absence of credit card expenditure review can lead to misuse of corporate credit cards, incorrect or duplicate entries which leads to incorrect reporting to councils and misstatements on financial statements.

Recommendation

We recommend that management implements an independent review of the credit card reconciliation on a regular basis.

Management comment

All credit card statements are now being reviewed independently by the CEO and Shire President.

Responsible person: Michael Cole
Chief Executive Officer

Completion date: N/A – Reconciliations are being independently reviewed since December 2024

SHIRE OF MORAWA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

6. Creditor batch controls

Out of 15 samples tested, we noted 2 instances of payment batch to suppliers with no evidence of an independent reviewed.

Rating: Minor

Implication

The absence of independent reviewed on creditor batches can lead to undetected errors such as overpaying expenditures, fictitious suppliers' expenditures, and paying for goods/ services not received, which results in misstatements in financial reports.

Recommendation

Management should ensure that all creditor batches are independently reviewed by someone not involved in the preparation as well as maintain documented evidence of review.

Management comment

Management is now ensuring all creditor batches are being independently reviewed.

Responsible person:

Brad Douglas
Executive Manager Corporate and Community Services

Completion date:

N/A – independent reviews are now being undertaken