

Shire of Dowerin

Regulation 17.1 (b) & (c) Review

21 May 2026

Final Review Report

(Review in Confidence)

Australian Audit

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Introduction

Australian Audit was engaged to undertake a review of the Shire of Dowerin risk management, internal control and legislative compliance as required to be undertaken as per Regulation 17.1 of the *Local Government (Audit) Regulations 1996*.

As per Regulation 17(1), (2) and (3) of the *Local Government (Audit) Regulations 1996*, the Chief Executive Officer (**CEO**) is required to undertake a review, at least once every 3 financial years, of the following processes:

- Risk Management.
- Internal Control; and
- Legislative Compliance.

As of 1 January 2026, *Regulation 17 (1) of the Local Government (Audit) Regulations 1996* was amended to include financial management. Regulation 17 (1) (a), (b) and (c) reviews now need only be undertaken once every 4 years and not once every 3 years as was previous.

In line with the amendments, detailed above, this review was carried out in line with the new Regulation 17 (1) (b) and (c) of the new *Local Government (Audit) Regulations 1996*. Regulation 17 (1) (a) of the *Local Government (Audit) Regulations 1996*, Risk Management, has been carried out as a separate review.

No high-risk matters came to our attention as a result of this review. The matters raised in this report are considered medium to low-risk matters which nevertheless require management consideration.

The Shire of Dowerin (the Shire) uses SynergySoft as its accounting system.

The Shire's last Regulation 17 review was undertaken in 2022 which was performed by the Shire internally.

Scope and Methodology

The review undertook the following approach:

- Information relating to risk management, internal control and legislative compliance was requested from the Shire staff to assess adequacy of policies, procedures and overall control processes that are currently in place within the Shire.
- An Information Technology questionnaire was also sent to the Shire staff in order to assess the Shire's Information Systems General Control Environment.
- Discussion was held with the Shire staff regarding the process in place for ensuring that the Shire is continually in compliance with the Local Government Act and Regulation requirements including assessing the annual Compliance Audit Return (CAR) process.

The matters raised in this report are only those which came to our attention during performing our review and may not necessarily be a comprehensive statement of all the possible process improvement options that may exist in relation to the Risk Management, Internal Control and Legislative Compliance matters.

Our review was conducted in accordance with ASAE 3500 – Assurance Engagement Other Than Audits or Reviews of Historical Financial Information.

Our review report is provided to the Shire to enable the Shire to meet their statutory obligations under Regulation 17.1 (b) and (c) of the new regulations effective 1 January 2026 and as such we do not encourage this report to be used for any other purpose.

Work Program

Our work incorporated the following areas for review as required under the new Regulation 17.1 (b) and (c).

Risk Management

To establish that:

- A Governance Framework is in place and endorsed by the Audit and Risk Committee.
- A formal governance unit exists responsible for proper governance compliance.
- Satisfactory risk management and governance policies are in place and have been endorsed by the Audit and Risk Committee/Council.
- Operational and Strategic Risk Registers are in place and are being constantly reviewed and updated to mitigate risk.
- Regular development of risk reports and actions to address risks are identified and actioned and such actions are regularly communicated to and endorsed by the Audit and Risk Committee.
- Fraud Risk Identification and Prevention policies are in place including the establishment of a Whistle Blower policy.
- An effective Audit and Risk Committee exists and proper Committee processes are in place and being complied with.
- A Delegation of Authority is in place, up to date and reviewed regularly.
- Proper and formal documented Shire Management policies (guidelines and procedures) are in place and are kept up to date.
- Internal assessment of control processes exists e.g., via an internal audit function or by the Shire's own Governance area.
- An Internal Control policy targeted for all employees, council and committee members on the importance of management controls.

Legislative Compliance

To establish that:

- The Compliance Audit Return (CAR) is properly completed each year, and any non-compliance matters are investigated promptly and adequate action is taken to ensure similar non-compliance no longer occurs.
- The establishment of proper complaints policies and registers including gift policies and registers.
- Legislative compliance regarding all Local Government Act and Regulation requirements are continually monitored and regularly reviewed to ensure continual compliance.

IT General Controls Environment

To establish that:

- Suitable IT controls are in place over staff logons, staff system access and protection of data from unauthorised use.
- Adequate IT strategy, policy and procedures are in place over the management of the Shire's information technology environment.

Review Conclusion

Based on our assessment of the management controls and processes that exist at the Shire regarding the above key areas of the Regulation 17.1 (b) and (c) review, we wish to conclude as follows:

RISK MANAGEMENT

Positive Observations

- Risk Management Policy exists.
- A Risk Management Framework is in place and is appropriate.
- Risk registers have been developed.
- Insurance is held with LGIS for Public Liability, workers compensation, local government's special risks, bush fire injury, casual hirers liability, crime, personal accident. Environmental impairment liability, management liability, travel and motor vehicle liability. The Shire also holds marine annual cargo insurance with QBE.
- Terms of Reference in place for Audit and Risk Committee. Meetings are adequately recorded in meeting minutes.
- A Code of Conduct document exists for employees, Council Members and Committee Members.
- Proper induction program exists for staff and elected members.
- A Purchasing Policy is in place and is adequate for the needs of the Shire.
- A Delegation Register is in place and was last updated in July 2025.
- Council policies are in place and was last reviewed in July 2025.

Areas for Improvement

- Strategic and operational risks are not clearly distinguished within the Risk Register, there is no explicit alignment between identified risks and the Shire's Strategic and Corporate/Operational Plans, and review of the Risk Register is not a standing agenda item for the Audit, Risk and Improvement Committee (ARIC).
- Fraud Risk Prevention Policy is not in place.
- Whistle Blower Policy is not in place.
- The Shire does not have a Business Continuity Plan in place.
- The Shire does not have an induction program for the Audit and Risk Committee.
- The Shire does not have an internal control policy in place.
- The Shire has a list of finance and administration procedures. However, these have not been reviewed for more than 5 years.

LEGISLATIVE COMPLIANCE

Positive Observations

- A good process is in place to complete the Compliance Audit Return (CAR).
- The Shire maintains a legislative compliance calendar to monitor its legislative compliance. The calendar is reviewed at management meetings.
- A policy is in place for accepting gifts. A gift register is in place.
- A Governance position exists at the Shire.

Areas for Improvement

- All complaints are recorded in a centralised complaints register. However, the register is currently accessible to all staff, and no formal responsibility has been assigned for monitoring, managing, and reporting on the status of complaints received. This may limit accountability and oversight in the complaints management process.

IT GENERAL CONTROLS ENVIRONMENT

Positive Observations

- The software asset information is recorded and managed by outsourced IT company.
- The Shire uses Microsoft Defender for Endpoint, which is updated on a continuous basis.
- Issuing of user access is centralised through the outsourced IT company.
- Minimum complexity is set for passwords used. Passwords are required to be renewed every 6 months. If password is not changed, the user's account is automatically suspended. A maximum of 5 incorrect attempts is allowed before the user is locked out.
- Servers are backed up hourly during the weekdays and daily on the weekend. Backups are stored offsite. Backup integrity is checked and verified daily to ensure recoverability.
- Computer screens are set to lock after 30 minutes of inactivity.
- The Shire administration office has UPS protection for the server.
- Internet usage is managed through firewall, which provides monitoring alerts and blocking.
- Review of the current list of generic users shows that the list is not excessive.

Areas for Improvement

- The Shire does not have in place an IT Strategy document.
- The Shire does not have an IT Disaster Recovery Plan.
- There is no software usage or internet usage policy.
- Access to main server is not restricted. The main server is located at the Shire of Dowerin's main office. While it is not housed in a dedicated server room, it is located in a non-public area but does experience staff and visitor traffic.
- There are no written backup policy or procedures.
- Audit compared the list of current users against the current staff listing obtained from the HR system and noted several users who are not listed as current staff.

Findings and Recommendations

The following matters were identified which have been reported below for consideration by Shire management:

Medium Risk Issues

1. Risk Register Structure and Governance Oversight

Finding

The Shire has established a Risk Register intended to capture both strategic and operational risks. However, our review identified the following deficiencies:

- Strategic and operational risks are not separately identified or clearly distinguished within the Risk Register.
- The Risk Register does not demonstrate clear alignment or linkage between identified risks and the Shire's Strategic Plan and Corporate / Operational Plans.
- Review of the Risk Register is not included as a standing agenda item in the Audit, Risk and Improvement Committee (ARIC) meetings, indicating that regular oversight and monitoring may not be occurring in a structured and consistent manner.

Recommendation

We recommend that the Shire:

- Revise the Risk Register to clearly distinguish between strategic and operational risks.
- Incorporate a mechanism within the Risk Register to explicitly link each risk to relevant objectives within the Strategic Plan and Corporate/Operational Plans.
- Include review of the Risk Register as a standing agenda item at ARIC meetings to ensure ongoing oversight, monitoring, and challenge.
- Periodically report on key strategic risks to Council to strengthen governance and accountability.

Management Comment

The Risk Register will be separated into two documents to clearly distinguish operational and strategic risk areas. The register will also be updated to strengthen alignment between identified risks and the Shire's Strategic and Corporate/Operational planning documents.

The Risk Register is regularly presented to ARIC as part of the Shire's governance and risk management framework and is generally included as a standing agenda item within the standard quarterly meeting cycle. Additional meetings convened outside the ordinary cycle may not always include the register where the meeting is called for a specific purpose.

The Risk Register is formally considered by ARIC and subsequently presented to Council for endorsement and oversight.

Low Risk Issues

2. Fraud Risk Prevention Policy

Finding

We noted that the Shire does not currently have a Fraud Risk Prevention policy in place. A fraud prevention policy defines actions that constitute possible fraud so that employees are aware of what is and is not acceptable. The policy also assists in outlining employee responsibilities and the Shire's approach when possible fraud is either suspected or detected.

Recommendation

We recommend that a Fraud Risk Prevention policy be developed by the Shire and communicated to all staff. The fraud prevention policy should include as a minimum the following:

- Definition of actions that are deemed to be fraudulent.
- Responsibilities for overall management of suspected fraud.
- Procedures that staff should follow if a fraud is suspected.
- Statement that all instances of suspected fraud will be investigated and reported to the appropriate authorities.
- A statement that all fraud offenders will be prosecuted and that the police will be assisted in any investigation that is required.
- A statement that all efforts will be made to recover wrongfully obtained Shire assets.
- Encouragement to employees to report any suspicion of fraud.

Management Comment

Management agrees with the recommendation. A Fraud and Corruption Prevention Policy will be developed and presented to Council for consideration as soon as practicable, incorporating the matters identified above.

3. Whistle Blower Policy

Finding

There is no Whistle Blower policy in place or any other form of policy that empowers staff to report effectively any concerns of fraud or corruption. The Whistle Blower policy establishes the rules to follow when Shire staff become aware of any illegal or unethical activities within the Shire. The policy is to also raise awareness among staff about misconduct and encourages staff to report fraudulent behaviour and possible misconduct. We believe such a policy will assist in fostering a culture of accountability and transparency within the Shire.

Recommendation

We recommend that the Shire give consideration towards developing a Whistle Blower policy or a policy on similar lines to empower staff to report concerns of fraud or corruption.

Management Comment

Management agrees with the recommendation and will develop a Whistleblower Policy for presentation to Council for consideration.

4. Business Continuity Plan

Finding

The Shire currently does not have a formal Business Continuity Plan (BCP) in place. A BCP is a critical component of an organisation's risk management framework, ensuring that essential services can continue or be restored promptly in the event of a significant disruption such as natural disasters, system failures, cyberattacks, or other emergencies.

Without a documented and tested BCP, the Shire may not be adequately prepared to respond to, or recover from, disruptions to its operations. This increases the risk of prolonged service outages, financial loss, reputational damage, and failure to meet community and regulatory expectations.

Recommendation

The following recommendations are made:

- Develop and implement a comprehensive Business Continuity Plan that covers all critical operations and services.
- Regularly review, test, and update the BCP to ensure its effectiveness and alignment with organisational changes.
- Provide staff training and awareness to support the execution of the BCP in the event of a disruption.

Management Comment

Management agrees with the recommendation. Development of a Business Continuity Plan will be considered as part of the Shire's ongoing governance and risk management improvements, including future budget considerations where required.

5. Formal Induction Program for the Audit and Risk Committee Members

Finding

The Shire does not currently have a formal induction program in place for newly appointed Audit and Risk Committee members. An effective induction process is essential to ensure that committee members understand their roles and responsibilities, the Shire's risk profile, key governance structures, and the legislative and regulatory framework within which the Shire operates.

Without a structured induction program, there is a risk that committee members may not be adequately equipped to provide effective oversight of the Shire's governance, risk management, and internal control environment.

Recommendation

Management should develop and implement a formal induction program for all new Audit and Risk Committee members.

Management Comment

Management will review the current onboarding processes for ARIC members, with consideration to implementing a more formalised induction process for newly appointed committee members.

6. Internal Control Policy

Finding

We noted that the Shire does not have a formal internal auditing function which would assist the Shire in identifying internal control issues on a regular basis. In the absence of an inhouse or outsourced internal audit function, we believe that the Shire should at least have an internal control policy which would enable the Shire to instruct all areas within the Shire to continually assess management control processes and to empower all Shire staff to be responsible over the Shire's control environment.

Recommendation

The Shire should consider developing an Internal Control Policy which should outline the following elements:

- 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 Shire 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 on the Shire's operations.
- 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 key 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 control risk areas within their workplace and their areas of responsibility. This could be done by adding these responsibilities in their respective job descriptions and/or incorporated as part of their induction program.

Management Comment

Due to the size of the organisation and available resources, the Shire does not currently maintain a dedicated internal audit function.

As part of ongoing governance and risk management improvements, the Shire will investigate the development of an Internal Control Policy and associated procedures to further strengthen organisational control awareness, staff responsibilities, risk management practices, and documentation of internal controls across the organisation.

7. Finance and Administration Procedures

Finding

The Shire maintains a documented set of finance and administration procedures. However, review of these procedures identified that they have not been formally reviewed or updated for a period exceeding five years. There is no evidence of a scheduled or cyclical review process to ensure procedures remain current and aligned with legislative requirements, accounting standards, systems, and operational practices.

Outdated procedures increase the risk that current practices may not align with legislation, accounting standards, internal policies, or system configurations. This may result in inconsistent processes, control weaknesses, non-compliance, inefficiencies, or reliance on informal practices that are not formally documented or approved. In addition, staff may be referring to superseded guidance, increasing the likelihood of error and reducing accountability.

Recommendation

We recommend that the Shire:

- Undertake a review of all finance and administration procedures to ensure they are current, accurate, and aligned with relevant legislation, standards, and internal policies.
- Implement a rolling review cycle (e.g. every 2-3 years) to ensure all procedures are regularly evaluated and updated.

Management Comment

Management is aware of gap in robust standard operating procedure document and agrees with the finding and recommendations. A new Manager of Corporate Services has recently been recruited and will work with staff across the finance and administration areas to review and update the current suite of procedures.

This process will also include the implementation of document control measures, including scheduled and monitored review periods to ensure procedures remain current and appropriately maintained.

8. Complaints Management

Finding

At present the Shire's complaints process is a decentralised process without adequate oversight and reporting. There is no designated officer or team responsible for overseeing the complaints process. As a result, there is limited accountability and follow-up to ensure that complaints are addressed promptly and effectively.

Recommendation

We recommend that the Shire assign a designated officer or team to oversee the complaints process. This role should include registering complaints, coordinating investigations, ensuring timely responses and following up on unresolved issues.

Relevant managers and staff should have controlled access to the complaints register to monitor and update progress as needed. It will also be beneficial to provide monthly or quarterly reports to senior management summarising the volume, type and resolution status of complaints.

Management Comment

Management are currently investigating software solutions, such as SmartSheet, to assist with complaint registration, monitoring, reporting, and controlled user access.

Further consideration will also be given to formalising oversight responsibilities, reporting processes, and management monitoring as part of the broader complaints management framework.

9. IT General Control Environment

Finding

Our review of the Shire's IT general control environment identified the following:

- The Shire does not have in place a IT Strategy document.
- The Shire does not have an IT Disaster Recovery Plan.
- There is no software usage or internet usage policy.
- Access to main server is not restricted. The main server is located at the Shire of Dowerin's main office. While it is not housed in a dedicated server room, it is located in a non-public area. The area does experience staff and occasional visitor traffic.
- There are no written backup policy or procedures.

Recommendation

We recommend that the Shire work with the external IT provider to ensure that IT related controls and procedures are developed as soon as possible.

Management Comment

The Shire is currently working with its external IT provider to develop an IT Disaster Recovery Plan during the 2025/26 financial year.

Due to the size and functional layout of the administration office, relocation of the on-site server would have a significant financial impact and require construction of a dedicated lockable server room. This option has previously been investigated; however, a cost-benefit assessment determined that it was not financially practical for the organisation at this time.

As mentioned above, the server is currently located within a low-traffic, non-public area of the administration building.

Management will continue to work with the Shire's IT provider to review the remaining findings and recommendations and determine appropriate improvements to the IT control environment.

Observations

Staff Computer Log in IDs

Our review of the current staff logons identified the following persons who are not in the Shire's current employee listing, as provided by the Shire's HR team, but still have logon access to the Shire's computer systems. These persons may be contractors or Councillors and therefore do not show up on the Shire's employee listing.

The Shire should check this list to remove logon access still provided but no longer requiring such access as a result of no longer being employed or have any activity on behalf of the Shire.

IT User List	Included in HR Employee Listing?
Brian Jones	no - Disabled??
Cassey Klomp	no
Darren Mollenoyux	no
Denika Griffithi-l'Anson	no
Emma Hardy	no
Glenn Nordsvan	no
Jessica Douglas	no - Disabled??
Julian Goldacre	no
Keith Squibb	no - Disabled??
Kyara Hathaway	no
Lisa Begley	no
Patricia Allsopp	no - Disabled??
Russell Holleley	no
Samantha Di Candilo	no - Disabled??
Sheldon Cox	no
Willow Millar	no - Disabled??

Appendix A – Risk Criteria

The following risk criteria was used to assess level of risk on review findings included in this Review Report.

Risk Assessment Matrix

Likelihood of Risk:

Rating	Description	Frequency
1	Rare – May occur, only in exceptional circumstances	< once in 15 years
2	Unlikely – Could occur at some time	At least once in 10 years
3	Possible – Should occur at some time	At least once in 3 years
4	Likely – Will probably occur in most circumstances	At least once per year
5	Almost Certain – Expected to occur in most circumstances	> once per year

Consequence of Risk:

Description	Health	Financial Loss	Operation	Compliance	Reputation	Project
1. Insignificant	No injuries or illness	<\$50,000	Little Impact	Minor breach of policy, or process requiring approval or variance	Unsubstantiated, low impact, low profile or no news item.	Small variation to cost, timeliness, scope or quality of objectives and required outcomes.
2. Minor	First Aid treatment	\$50,000 to \$250,000	Inconvenient Delays	Breach of policy, process or legislation requiring attention of minimal damage control	Substantiated, low impact, low news profile.	5-10% increase in time or cost or variation to scope objective requiring approval
3. Moderate	Medical treatment required	\$250,000 to \$1 million	Significant delays to major deliverables	Breach requiring internal investigation, treatment or moderate damage control	Substantiated, public embarrassment, moderate impact, moderate news profile.	10-20% increase in time or cost or variation to scope objective requiring Senior Management approval
4. Significant	Death or extensive injuries	\$1 million to \$3 million	Non achievement of major deliverables	Breach resulting in external investigation or third party actions resulting in tangible loss and damage to reputation	Substantiated, public embarrassment, moderate impact, high news profile and 3 rd party actions.	20-50% increase in time or cost or significant variation to scope objective requiring restructure of project and Senior Management or Council approval
5. Severe	Multiple deaths or sever permanent disabilities	>\$3 million	Non achievement of major deliverables	Breach resulting in external investigation or third party actions resulting in significant tangible loss and damage to reputation	Substantiated, public embarrassment, very high multiple impacts, high widespread news profile, 3 rd party actions.	>50% increase in time or cost or inability to meet project objectives requiring the project to be abandoned or redeveloped

Risk Exposure:

Risk = Likelihood x Consequence

Score	Level of Risk	Score	Level of Risk	Score	Level of Risk
1 - 8	Low	9 - 19	Medium	20 - 25	High