SHIRE OF
DOWERIN
TIN DOG TERRITORY

MINUTES

Audit, Risk and Improvement Committee Meeting

Held in Council Chambers
13 Cottrell Street, Dowerin WA 6461
Monday 21 September 2026

ABN: 35 939 977 194
P (08) 9631 1202 **E** dowshire@dowerin.wa.gov.au
13 Cottrell Street, Dowerin WA 6461
www.dowerin.wa.gov.au

Table of Contents

Shire of Dowerin
Audit, Risk and Improvement Committee Meeting
Monday 21 September 2026

1. Official Opening

The Presiding Member welcomed those in attendance and declared the Meeting open at 4:00pm.

2. Record of Attendance / Apologies / Leave of Absence

Committee Members:

Ms N McMorran	Deputy Independent Presiding Member
Cr JA Graffin	*Via teams*
Cr RI Trepp	

Staff:

Ms K Rose	Manager of Governance and Community Services
Ms M Shirt	Acting Manager of Corporate Services
Ms D Griffiths-l'Anson	Governance Officer

Apologies:

Ms T Jones	Independent Presiding Member
Cr JC Sewell	Chief Executive Officer
Ms M Barthakur	

Approved Leave of Absence:

Cr DP Hudson	President

3. Public Question Time

Nil

4. Disclosure of Interest

Nil

5. Confirmation of Minutes of the Previous Meeting(s)

5.1 Audit, Risk, and Improvement Committee Meeting held on 04 June 2026.

Attachment 5.1A

Voting Requirements

■ Simple Majority ☐ Absolute Majority

Officer's Recommendation/Resolution – 5.1

Moved: Cr Trepp **Seconded:** Cr Graffin

1368 **That, in accordance with Sections 3.18 and 5.22(2) of the *Local Government Act 1995*, the Minutes of the Audit, Risk, and Improvement Committee Meeting held on 4 June 2026, as presented in Attachment 5.1A, be confirmed as a true and correct record of proceedings.**

CARRIED 3/0

For: Ms N McMorran, Cr Graffin, Cr Trepp

6. Presentations

Nil

7. OFFICER'S REPORTS

7.1 Interim Audit Results for the Year Ending 30 June 2026

Corporate and Community Services

Date:	8 September 2026
Location:	Not applicable
Responsible Officer:	Manisha Barthakur, Chief Executive Officer
Author:	Kahli Rose, Manager of Governance and Community
Legislation:	*Local Government Act 1995;* *Local Government (Audit) Regulations 1996*
SharePoint Reference:	Organisation > Corporate Management > Reporting
Disclosure of Interest:	Nil
Attachments:	Attachment 7.1A – Interim Audit Management Letter Attachment 7.1B – Interim Audit Findings Report

Purpose of Report

☐ Executive Decision ■ Legislative Requirement

Summary

The Shire of Dowerin's Interim Audit for the year ended 30 June 2026 was conducted by Pitcher Partners from 4 May to 8 May 2026.

The audit identified fourteen control deficiencies, comprising four significant findings and ten moderate findings. The findings relate primarily to financial controls, reconciliations, procurement, payroll, information technology and business continuity arrangements.

The Interim Audit Management Letter and Findings Report are presented to the Audit, Risk and Improvement Committee for review, together with management's responses and proposed corrective actions. Progress against the agreed actions will be monitored and reported to the Committee until all findings have been satisfactorily addressed.

Background

The Office of the Auditor General appointed Pitcher Partners to undertake the Shire of Dowerin's financial audit for the year ending 30 June 2026.

The Interim Audit was conducted from Monday, 4 May to Friday, 8 May 2026. The audit focused on the Shire's financial systems, key internal controls, accounting processes and selected transactions operating during the financial year.

Interim audit work is undertaken ahead of the final audit to identify any control weaknesses, accounting issues or areas requiring further attention. This allows management an opportunity to address identified matters before the Annual Financial Report is finalised and the final audit commences.

The Interim Audit Report has now been received and is included as an attachment for the Committee's consideration. The report details the audit findings, associated risk ratings, management comments and the actions proposed or undertaken to address each matter.

Comment

The Report identifies fourteen (14) areas which are considered deficient, being:

Significant Findings:

1. Procurement and payment control deficiencies
2. Supplier Masterfile amendment control deficiencies (2023)
3. No reconciliations performed for bank accounts (2023)
4. Journal entries not independently reviewed (2023)

Moderate Findings:

5. Grant revenue recognition assessment not performed
6. Inconsistent timely review of the audit trail report
7. Long outstanding cash and cash equivalent reconciling items
8. No disaster recovery plan in place
9. No business continuity plan in place
10. Rates reconciliations not prepared and reviewed appropriately
11. Incomplete timesheet supporting payroll processing
12. Pay run report and bank listing not signed as evidence of review
13. Payments reported in council meeting minutes did not agree to payment listing
14. Excessive superuser access

The rating given to four (4) deficiencies is Significant, meaning the 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.

The remaining ten (10) deficiencies are deemed as moderate, indicating these findings are of sufficient concern to warrant action being taken by the entity as soon as practicable.

The Report details the Finding against each deficiency, indicates the Implications the deficiency may have on the organisation, and makes Recommendations on how the organisation can best rectify the deficiency. Management was made aware of the identified deficiencies at the conclusion of the Audit and were afforded the opportunity to provide comment and context to the deficiency.

The four significant findings require priority attention due to the potential financial, compliance and audit implications if they are not addressed promptly. Three of these findings have been identified as matters carried forward from 2023, indicating that previous corrective actions have either not been fully implemented or have not operated consistently.

Management has accepted or acknowledged all fourteen findings and has commenced implementing corrective actions. These include strengthening end-of-month finance procedures, improving evidence of supervisory review, reinforcing procurement and payroll controls, reviewing system access, and developing formal Disaster Recovery and Business Continuity Plans.

An action register will be maintained to record the responsible officer, agreed action, target completion date, current status and evidence of completion for each finding. Progress will be reported to the Audit, Risk and Improvement Committee until all actions have been completed and the findings formally closed.

While the matters are fully detailed in the Report, they have been summarised below:

Finding one

Procurement and payment control deficiencies

Recommendation

Ensure all purchasing and payment documentation is signed, dated and retained, with required quotations obtained. Review direct debit controls to ensure approvals are documented.

Management Comment

Management accepts the finding. Processes relating to the signing of batch listings is noted and processes will be reviewed and staff reminded to follow correct process regarding timely approvals.

Finding two

Supplier Masterfile amendment control deficiencies

Recommendation

Ensure all supplier Masterfile amendments are completed, independently verified, authorised and supported by appropriate documentation before being processed.

Management Comment

Management accepts the finding. Controls have been strengthened, with supplier changes now reviewed, authorised and documented through each payment batch.

Finding three

No reconciliation performed for bank accounts

Recommendation

Ensure all Reserve, Maxi and Term Deposit accounts are regularly reconciled to supporting records and independently reviewed.

Management Comment

Management accepts the finding. Reconciliation processes are being strengthened through documented end-of-month procedures and supervisory review.

Finding four

Journal entries not independently reviewed

Recommendation

Ensure all journal entries are independently reviewed, approved and supported by appropriate documentation.

Management Comment

Management accepts the finding. Controls are being strengthened through documented end-of-month procedures and supervisory review of journal entries.

	Finding five

Grant revenue recognition assessment not performed

Recommendation

Assess all material grant receipts under AASB 15 and AASB 1058 when received, retain supporting evidence, and apply the correct accounting treatment in monthly financial reports.

Management Comment

The Shire's current practice is to recognise grant funding in the relevant revenue account when received, with contract liabilities assessed and adjusted as part of the year-end financial reporting process, with assistance from consultant accountants.

This approach has historically been adopted to support consistent comparison between budget and actual grant revenue in monthly reporting to Council, provide visibility of grant funding received, and ensure the appropriate GST treatment is applied through the relevant grant revenue accounts. Management also acknowledges that assessment of contract liabilities can be complex and dependent on the timing of expenditure and capital works recognition.

Management will review the current process, including whether material grant funding and associated contract liabilities can be assessed more regularly during the year, having regard to accounting requirements, GST treatment, system capabilities and available resources.

Appropriate year-end assessments and adjustments will continue to be undertaken to ensure the Annual Financial Report complies with applicable Accounting Standards.

	Finding six

Inconsistent timely review of the audit trail report

Recommendation

Ensure audit trail reports are generated, independently reviewed and signed off monthly, with any exceptions documented and followed up.

Management Comment

Management accepts the finding. Audit trails are now completed and signed off through the end-of-month finance process, providing evidence of supervisory review.

	Finding seven

Long outstanding cash and cash equivalent reconciling items

Recommendation

Review reconciling items monthly, investigate items outstanding for more than 90 days and retain evidence of their resolution and approval.

Management Comment

Management accepts the finding. The two items identified are not outstanding in the manual reconciliation and result from a discrepancy between Altus and SynergySoft. Staff are working with ReadyTech to resolve the issue.

Finding eight

No disaster recovery plan in place

Recommendation

Develop, implement and periodically test a formal Disaster Recovery Plan covering responsibilities, critical systems, backups, communications and recovery timeframes.

Management Comment

Management accepts the finding. The Shire's IT consultants are drafting a Disaster Recovery Plan for Council workshop review in September 2026, together with the Business Continuity Plan. The plans will then be finalised, implemented and periodically tested.

Finding nine

No business continuity plan in place

Recommendation

Develop, implement and periodically test a formal Business Continuity Plan covering critical services, risks, responsibilities, communications and recovery procedures.

Management Comment

Management accepts the finding. A Business Continuity Plan is being developed alongside the Disaster Recovery Plan for Council workshop review in September 2026. Both plans will then be finalised, implemented and periodically tested.

Finding ten

Rates reconciliations not prepared and reviewed appropriately

Recommendation

Ensure rates reconciliations are completed monthly, independently reviewed and retained, with any differences promptly investigated and resolved.

Management Comment

Management accepts the finding. Rates reconciliations are now completed monthly, with documented supervisory review incorporated into the end-of-month finance process.

Finding eleven

Incomplete timesheet supporting payroll processing

Recommendation

Ensure all timesheets are complete, reviewed and approved before payroll is processed, with any omissions promptly corrected.

Management Comment

Management accepts the finding. Supervisors will be reminded of their responsibility to review and approve completed timesheets before payroll processing.

Finding twelve

Pay run report and bank listing not signed as evidence of review

Recommendation

Ensure all pay run reports and bank listings are reviewed, approved and signed before payment is processed, including payroll prepared by external consultants.

Management Comment

Management accepts the finding. Payroll contractors and authorised officers will be reminded to ensure all reviews and approvals are appropriately documented.

Finding thirteen

Payments reported in Council meeting minutes did not agree to payment listing

Recommendation

Ensure monthly payment listings presented to Council are reconciled to system-generated records, with evidence of review retained.

Management Comment

Management accepts the finding. Monthly payment listings will be reconciled and reviewed to prevent future administrative errors.

Finding fourteen

Excessive superuser access

Recommendation

Review and restrict superuser access to employees with a genuine business need, with periodic access reviews documented.

Management Comment

Management accepts the finding. The Shire will engage its IT support provider to review user access and implement appropriate ongoing controls.

Consultation

Office of the Auditor General

Pitcher Partners, Auditors

Manisha Barthakur, Chief Executive Officer

Megan Shirt, Acting Manager of Corporate Services

Kahli Rose, Manager of Governance and Community Services

Ben Forbes, Manager of Infrastructure and Projects

Finance and Administration Team

Human Resources and Payroll Team

Policy Implications

The findings relate to compliance with the Shire's Purchasing Policy and supporting financial, payroll and information technology procedures. No amendments to Council policy are proposed through this item; however, relevant operational procedures will be reviewed and strengthened where required.

Strategic Implications

Strategic Community Plan

Community Priority:	Our Organisation
Objective:	Deliver a high standard of governance and administration
Outcome:	4.1
Reference:	4.1

Asset Management Plan

Nil

Long Term Financial Plan

Nil

Statutory Implications

Local Government Act 1995

Section 7.1A – Establishment of audit, risk and improvement committee

Requires each local government to establish an Audit, Risk and Improvement Committee.

Section 7.9 – Audit to be conducted

Provides for the annual audit of the local government's accounts and Annual Financial Report and the preparation of the auditor's report.

Section 7.12A(3) – Duties of local government with respect to audits

Requires the local government to examine the auditor's report, determine whether any matters require action and ensure appropriate action is taken.

Local Government (Audit) Regulations 1996

Regulation 16(a)(i) – Functions of the Audit, Risk and Improvement Committee

Requires the Committee to receive and review reports relating to audits conducted under Part 7 of the Act and recommend to Council the actions to be taken.

Regulation 16(c) – Monitoring implementation of actions

Requires the Committee to receive and review reports on the implementation of actions arising from audit findings and recommend improvements to Council where appropriate.

Risk Implications

Risk Profiling Theme	Failure to fulfil statutory regulations or compliance requirements
Risk Category	Compliance
Risk Description	Failure to promptly and sustainably address the identified control deficiencies may result in financial error or misstatement, inappropriate transactions, regulatory non-compliance, service disruption, adverse audit outcomes and reputational damage.
Consequence Rating	Moderate (3)
Likelihood Rating	Possible (3)
Risk Matrix Rating	Moderate (6)
Key Controls (in place)	Annual external audit; ARIC and Council oversight; established financial, procurement and payroll procedures; monthly reconciliation and supervisory review processes; management action tracking; and external IT and accounting support.
Action (Treatment)	Implement the agreed management actions, allocate responsible officers and completion dates, retain evidence of completion, and report progress to each ARIC meeting until all findings are closed.
Risk Rating (after treatment)	Effective

Financial Implications

The cost of the Interim Audit forms part of the Shire's annual external audit costs and is provided for within the adopted budget. Implementation of the audit recommendations will primarily be undertaken using existing staff resources, although some actions may require assistance from the Shire's information technology and accounting service providers.

.

Voting Requirements	
■ Simple Majority	☐ Absolute Majority

Officer's Recommendation/Resolution – 7.1

Moved: Cr Trepp **Seconded:** Cr Graffin

1369 That, in accordance with regulation 16 of the *Local Government (Audit) Regulations 1996*, the Audit, Risk and Improvement Committee:

1. receives and reviews the Interim Audit Management Letter and Interim Audit Findings Report for the year ended 30 June 2026, as presented in Attachments 7.1A and 7.1B;
2. notes management's responses and the corrective actions proposed or undertaken in response to the fourteen audit findings;
3. requests that the Chief Executive Officer maintain an action register and provide progress reports to each ordinary meeting of the Audit, Risk and Improvement Committee until all findings have been satisfactorily addressed and closed; and
4. recommends that Council receives the Interim Audit Management Letter and Interim Audit Findings Report and notes management's responses and proposed corrective actions.

CARRIED 3/0

For: Ms N McMorran, Cr Graffin, Cr Trepp

Please note: the Audit, Risk and Improvement Committee has limited authority to make decisions. All recommendations of the Committee are presented to Council for ratification.

7.2 2025 Compliance Audit Return

Governance and Community

Date:	8 September 2026
Location:	Not applicable
Responsible Officer:	Kahli Rose, Manager of Governance and Community Services
Author:	Kahli Rose, Manager of Governance and Community Services
Legislation:	*Local Government Act 1995; Local Government (Audit) Regulations 1996*
SharePoint Reference:	Organisation/Corporate Management/Reporting/2025 Compliance Audit Return
Disclosure of Interest:	Nil
Attachments:	Attachment 7.2A – 2025 Compliance Audit Return

Purpose of Report

☐ Executive Decision ■ Legislative Requirement

Summary

The 2025 Compliance Audit Return provides an assessment of the Shire of Dowerin's compliance with prescribed requirements of the *Local Government Act 1995* and associated regulations for the period 1 January to 31 December 2025.

The completed Return contains 97 questions and identifies one instance of non-compliance relating to the completeness of the Shire's tender register. The relevant register has since been updated, with further procedural improvements being implemented.

The Return is presented to the Audit, Risk and Improvement Committee for review before being presented to Council for adoption and submission to the Local Government Inspector by 30 September 2026.

Background

Local governments are required to undertake an annual compliance audit covering the period from 1 January to 31 December and prepare a Compliance Audit Return in the form approved by the Local Government Inspector.

The Compliance Audit Return is an annual self-assessment of the local government's compliance with prescribed statutory requirements. It provides the Committee and Council with an opportunity to identify instances of non-compliance, consider any contributing factors and ensure appropriate corrective actions are implemented.

Following completion by the administration, the Return must be reviewed by the Audit, Risk and Improvement Committee. The Committee must report the results of its review, including any recommendations it considers appropriate, to Council.

Council must then consider the Return and the results of the Committee's review, determine whether any matters require action and adopt the Return, either as presented or subject to amendments.

Following adoption, the signed Return, the Committee's recommendations, the relevant section of the Council minutes and any additional explanatory information must be provided to the Local Government Inspector.

Ordinarily, this information must be provided by 31 March following the relevant compliance period. However, transitional provisions applying to the 2025 Compliance Audit Return extend the submission deadline to 30 September 2026.

Comment

The 2025 Compliance Audit Return comprises 97 questions across the following legislative areas:

1. *Local Government Act 1995* – 42 questions
2. *Local Government (Administration) Regulations 1996* – 15 questions
3. *Local Government (Audit) Regulations 1996* – 2 questions
4. *Local Government (Constitution) Regulations 1998* – 2 questions
5. *Local Government (Elections) Regulations 1997* – 1 question
6. *Local Government (Financial Management) Regulations 1996* – 11 questions
7. *Local Government (Functions and General) Regulations 1996* – 24 questions

The review identified one instance of non-compliance.

Qualification Identified

Reference	Requirement	Response	Explanation and corrective action
Regulation 17 of the *Local Government (Functions and General) Regulations 1996*	Did the tender register contain all prescribed information and was it available for public inspection and published on the Shire's official website?	No	The tender register was publicly available; however, successful tenderer details were not consistently recorded, and copies of invitation notices were not retained with the register. The register has since been updated, and procedures are being strengthened to ensure all prescribed information and supporting records are retained.

The identified non-compliance was administrative in nature and did not affect the outcome of a tender process. Management has updated the relevant information and will introduce additional review controls to ensure future tender register entries comply with regulation 17.

Section 5.50 – Payments to Finishing Employees

During preparation of the Return, clarification was sought regarding a payment made under a negotiated deed of settlement to an employee whose employment was ending.

Advice received from the Local Government Inspectorate confirmed that section 5.50 is intended to regulate discretionary payments made to finishing employees in addition to their contractual or award entitlements. It is not intended to apply to negotiated deeds of settlement, redundancy payments or other payments made outside the employee's contract or award entitlements.

Accordingly, the payment made under the negotiated deed of settlement has not been treated as a payment captured by section 5.50, and the relevant CAR response has been recorded as "Not Applicable".

Consultation

Manisha Barthakur, Chief Executive Officer

Kahli Rose, Manager of Governance and Community Services

Denika Griffiths-I'Anson, Governance Officer

Megan Shirt, Acting Manager of Corporate Services

James McGovern, Local Government Inspectorate

Policy Implications

Policy 2.2 – Risk Management Policy and Policy 3.11 – Purchasing Policy are applicable.

Strategic Implications

Strategic Community Plan

Community Priority:	Our Organisation
Objective:	Deliver a high standard of governance and administration
Outcome:	4.1
Reference:	4.1

Asset Management Plan

Nil

Long Term Financial Plan

Nil

Statutory Implications

Local Government Act 1995

Section 5.50 – Payments to employees in addition to contract or award

Requires the Shire to prepare a policy setting out the circumstances in which payments may be made to employees whose employment is finishing and the manner in which such payments will be determined.

Section 7.13(1)(i) – Regulations as to audits

Provides for regulations to require local governments to undertake compliance audits.

Local Government (Audit) Regulations 1996

Regulation 13 – Prescribed statutory requirements

Identifies the statutory requirements that may be examined through the annual compliance audit process.

Regulation 14 – Compliance audits

Requires the Shire to conduct an annual compliance audit and the CEO to prepare the Compliance Audit Return and provide it to the Audit, Risk and Improvement Committee.

The Committee must review the Return, report the results of its review to Council and make any recommendations it considers appropriate. Council must consider the Return and the Committee's review, determine whether any matters require action and adopt the Return.

Regulation 15 – Signed Compliance Audit Return and other information to be given to Inspector

Requires the adopted Return, signed by the President and CEO, to be provided to the Local Government Inspector together with the Committee's recommendations, the relevant Council minutes and any additional explanatory information.

Regulation 20 – Transitional provisions relating to compliance audits

Requires the information relating to the compliance audit for the period ending 31 December 2025 to be provided to the Local Government Inspector by 30 September 2026.

Risk Implications

Risk Profiling Theme	Failure to fulfil statutory regulations or compliance requirements
Risk Category	Compliance
Risk Description	Failure to maintain complete statutory records or implement required policies may result in legislative non-compliance, reduced accountability, adverse regulatory scrutiny and reputational damage.
Consequence Rating	Minor (2)
Likelihood Rating	Unlikely (2)
Risk Matrix Rating	Low (4)
Key Controls (in place)	Annual Compliance Audit Return; ARIC and Council oversight; Governance Compliance Calendar; Purchasing Policy; Tender Register; established governance review processes; and staff training.
Action (Treatment)	Complete and independently review all tender register entries, retain prescribed supporting records.
Risk Rating (after treatment)	Effective

Financial Implications

Nil

Voting Requirements	
■ Simple Majority	□ Absolute Majority

Officer's Recommendation/Resolution – 7.2

Moved: Cr Graffin **Seconded:** Cr Trepp

1370 That, in accordance with regulations 14, 15 and 20 of the *Local Government (Audit) Regulations 1996*, the Audit, Risk and Improvement Committee:

1. reviews the 2025 Compliance Audit Return, as presented in Attachment 7.2A;
2. notes the instance of non-compliance identified under regulation 17 of the *Local Government (Functions and General) Regulations 1996* and the corrective actions undertaken or proposed by management;
3. recommends that Council:
    a. considers the results of the Audit, Risk and Improvement Committee's review;
    b. adopts the 2025 Compliance Audit Return, as presented in Attachment 7.2A;
    c. notes the identified non-compliance and associated corrective actions; and
    d. authorises the President and Chief Executive Officer to sign the Return and submit the prescribed information to the Local Government Inspector by 30 September 2026.

CARRIED 3/0

For: Ms N McMorran, Cr Graffin, Cr Trepp

Please note: the Audit, Risk and Improvement Committee has limited authority to make decisions. All recommendations of the Committee are presented to Council for ratification.

8. Questions from Members

Nil

9. Urgent Business Approved by the Person Presiding or by Decision

Nil

10. Date of the Next Meeting

Monday 30 November 2026, commencing at 6:00pm

Pitcher Partners will be in attendance for this meeting

11. Closure

The Presiding Member thanked those in attendance and declared the Meeting closed at 4:36pm