Audit, Risk & Improvement Committee Meeting

Notice of Meeting | 11th August 2026

Dear Councillors
I respectfully advise that the AUDIT, RISK & IMPROVEMENT COMMITTEE MEETING will be held in the Council Chambers, 10 Jennaberring Road, Quairading, WA on 11th August 2026 commencing at 5:00 PM

MEETING AGENDA ATTACHED

Nic Warren
CHIEF EXECUTIVE OFFICER

Date: 07 August 2026

Disclaimer

Members of the public should note that in any discussion regarding any planning or other application that any statement or intimation of approval made by any member or officer of the Shire of Quairading during the course of any meeting is not intended to be and is not to be taken as notice of approval from the Shire of Quairading. No action should be taken on any item discussed at a Council meeting prior to written advice on the resolution of the Council being received.

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SHIRE OF QUAIRADING

Audit, Risk & Improvement Committee Meeting

ITEM 1 OPENING & ANNOUNCEMENTS

The Chairperson opened the Meeting at _____ pm.

"Before we start our meeting, I would like to acknowledge that we are meeting on Noongar/Ballardong land. We pay respect to the original custodians of the land…past, present and future. I welcome you all here today for this meeting."

ITEM 2 ATTENDANCE AND APOLOGIES

Councillors

Mrs T Fraser	Chairperson
Cr TJ Stacey	Shire President
Cr JC Hayes	Deputy Shire President
Cr BR Cowcill	
Cr RC Faltyn	
Cr SL Hadlow	
Cr KS Squiers	
Cr LJ Stacey Cowcill	

Council Officers

Mr NJ Warren	Chief Executive Officer
Ms T Brown	Executive Manager, Corporate Services
Ms SE Caporn	Executive Manager, Works & Services
Ms J Green	Executive Manager, Community and Development
Ms M Haeusler	Manager of Governance

Observer/Visitor

Nil

Apologies

Nil

Leave of Absence Previously Granted

Nil

ITEM 3 DEPUTATIONS/PRESENTATIONS/SUBMISSIONS/PETITIONS

Nil

ITEM 4 DECLARATIONS OF INTEREST

Elected Members in accordance with section 5.61 and 5.65 of the Local Government Act 1995 and the *Local Government (Model Code of Conduct) Regulations 2021* Schedule 1 Division 4 regulation 22:

A member who has an interest in any matter to be discussed at a Council or Committee meeting that will be attended by the member must disclose the nature of the interest -

a. in a written notice given to the CEO before the meeting; or
b. at the meeting immediately before the matter is discussed.

Local Government employees in accordance with section 5.70 or 5.71 of the *Local Government Act 1995* and the *Local Government (Administration) Regulations* 1996 Part 4A Division 2, regulation 19AD:

An employee who has an interest in any matter to be discussed at a council or committee meeting attended by the local government employee disclose the nature of the interest —

a. in a written notice given to the CEO before the meeting; or
b. at the meeting immediately before the matter is discussed.

ITEM 5 CONFIRMATION OF MINUTES AND BUSINESS ARISING

5.1 Confirmation of Minutes: Audit, Risk & Improvement Committee Meeting – 12 May 2026

OFFICER RECOMMENDATION

That the Minutes of the Audit, Risk & Improvement Committee Meeting held on the 12 May 2026 be confirmed as a true and accurate record.

BUSINESS ARISING

ITEM 6 STANDING ITEMS – EXTERNAL AUDIT

6.1 2025/2026 Financial Audit - Office of the Auditor General (OAG)

Responsible Officer Nic Warren, Chief Executive Officer

Reporting Officer Tricia Brown, Executive Manager, Corporate Services

Attachments
1. Attachment (i) Original Interim Management Letter Attachment ⇩
2. Attachment (ii) Interim Audit Results Letter to President ⇩
3. Attachment (iii) Revised Interim Management Letter Attachment (Findings) ⇩

Voting Requirements Simple Majority

Disclosure of Interest Reporting Officer: Nil

Responsible Officer: Nil

OFFICER RECOMMENDATION

That the Audit, Risk & Improvement Committee recommend to Council, that Council:

1. Acknowledges receipt of the Original Interim Financial Management Attachment noting 2 Minor and 2 Moderate Findings including Management's comments to the findings (Attachment i)
2. Acknowledges receipt of the Interim Audit Results Letter to the President (Attachment ii)
3. Acknowledges receipt of a Revised Interim Financial Management Attachment noting 1 Significant, 5 Moderate and 1 Minor Findings (Attachment iii)

IN BRIEF

The 2025-2026 Interim Audit was conducted onsite between 7th and 10th April 2026.

BACKGROUND

In April 2026, following the onsite audit, Crowe issued their initial Management Letter outlining the findings identified during the interim audit. The audit identified two minor and two moderate findings, with no outstanding prior-year matters reported.

As Crowe are the Shire's newly appointed auditors, they did not have access to the historical background and context of previous audit findings. Following discussions with the Office of the Auditor General (OAG) and the Shire's previous auditors, AMD, Crowe has since issued a revised Management Letter that reflects this additional information and context.

This has resulted in 1 Significant, 5 Moderate and 1 Minor Finding and is now attached for your reference.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Local Government (Audit) Regulations 1996

Australian Accounting Standards

International Financial Reporting Standards

POLICY IMPLICATIONS

Purchasing Policy

Records Management Policy

Significant Accounting Policies

Delegation 1.1.13: Payments from the municipal or trust funds

Delegations Register

FINANCIAL IMPLICATIONS

Council has received for the 2026/2027 Audit Fee an indicative amount of $47,300. Only a 3.04% increase from the prior year budget amount.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.3 **Governance & Leadership**: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

5.4 **Governance & Leadership**: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

3.1 Governance, Financial and Compliance Risks: Financial Viability and Asset Management

RISK ASSESSMENT

	Option 1
Financial	Medium *Cost of the audit is included in the budget – 25/26 audit fee only sees a minimal increase.*
Health	Low
Reputation	Low *Compliant with legislative requirements. Failure to complete the annual financial audit would lead to increased reputational risk and possible actions by the OAG.*

Operations	Low *Council's Management and administration staff assist AMD by providing all information and documents requested. Operational impact is minimal in reporting progress on audit findings, however the operational impact of not closing findings would be significantly higher if conditions escalated.*
Natural Environment	Low

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

The CEO and EMCS will continue to report on progress of audit findings through the Audit Progress Register that is submitted to the Audit and Risk Committee and recommended to Council.

ATTACHMENT

Shire of Quairading

PERIOD OF AUDIT: YEAR ENDED 30 June 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
Current year matters					
1. **Untimely reconciliation of depreciation**	No			✓	
2. **Inability to Generate Balanced GL Report**	No			✓	
3. **Lack of segregation of duties over fixed asset additions and disposals**	No		✓		
4. **Minimal supporting evidence provided for recognition of revenue standards for Grants.**	No		✓		
Ongoing Prior Year Matters					
None Identified, relevant to the interim period.					

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.

ATTACHMENT

Shire of Quairading
PERIOD OF AUDIT: YEAR ENDED 30 June 2026
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Current year matters

1. **Untimely reconciliation of depreciation**

Finding
During our review of the interim audit analytics (up to 31 March 2026), we identified that depreciation expense had not been reconciled past January 2026. As a result, the values in the March trial balance were inaccurate and only reflected depreciation for the first seven months of the year. The client stated that she was on leave during this time.

Rating: Minor

Implication:
Depreciation may be overstated or understated, leading to inaccurate profit and unreliable monthly reporting. At the same time, accumulated depreciation and asset carrying values may be misstated, with errors arising from incorrect timing, missed entries, duplicates, or failure to reflect asset additions and disposals.

Recommendation:
Implement a timelier reconciliation process for depreciation and fixed assets, including review of additions, disposals, and depreciation calculations. Assign a secondary staff member to perform or review the reconciliation where the primary preparer is unavailable to ensure continuity and timely completion.

Interim Management Comment:

The calculation of depreciation is a manual process and is run when the Monthly Financial Statements are being generated as part of the month end. This is done when all other month end processes have been completed ensuring that all transactions for the month have been accounted for. EMCS was on leave in February and therefore was not run until later when completing the March EOM processes.

Responsible Persons: Tricia Brown
Completion Date: 28/04/2026

ATTACHMENT

Shire of Quairading

PERIOD OF AUDIT: YEAR ENDED 30 June 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

2. Inability to generate balanced GL report

Finding
During our review at the interim audit, we noted that the general ledger provided did not reconcile, with a variance of approximately $677k prior to a manual adjustment. This adjustment involved the removal of batch and FA entries by the audit team.

Rating: Minor

Implication:
Unreconciled accounts may be inaccurately reported between the general ledger and the amounts reflected in the financial statements, increasing the risk of misstatement, unsupported balances, and errors remaining undetected.

Recommendation:
Engage the system provider to clarify how to exclude irrelevant entries from GL reports. This will help ensure report outputs are complete, accurate, and appropriate for reconciliation and reporting purposes.

Interim Management Comment:

All local governments that use the Synergysoft program will encounter the same issues with the General Ledger Report. It was highlighted at the time that the suspected variance transactions were not assigned General Ledgers and were made up of 2 open creditor batches and required the exclusion of Asset Acquisitions which were not General Ledger transactions. Not having open batches could have removed some of the variances however they could be explained and identified. A new ERP system is currently being investigated which could eliminate the issue. EMCS to investigate other reporting options via Synergysoft.

Responsible Persons: Tricia Brown
Completion Date: 30/06/2026

ATTACHMENT

Shire of Quairading

PERIOD OF AUDIT: YEAR ENDED 30 June 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

3. Lack of segregation of duties over fixed asset additions and disposals

Finding
During our review of the Cycle Risk Assessments (process checks) and the fixed assets walkthrough, we noted that both asset additions and disposals are processed and recorded by the Executive Manager Corporate Services. There is no evidence of review over these transactions.

Rating: Moderate

Implication:
The absence of segregation of duties increases the risk of errors or unauthorised transactions not being detected in a timely manner. This may result in undetected errors in the financial statements

Recommendation:

We recommend that management implement appropriate dual control measures over transactions, including asset additions and disposals. This should involve establishing segregation of duties between the preparation and recording of transactions to ensure that all changes to the fixed asset register are appropriately authorised and monitored.

Interim Management Comment:

CEO will review all asset additions and disposals.

Responsible Persons: Tricia Brown/ Nic Warren
Completion Date: 28/04/2026

ATTACHMENT

Shire of Quairading

PERIOD OF AUDIT: YEAR ENDED 30 June 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

4. Minimal supporting evidence provided for recognition of revenue standards for Grants

Finding:
During our Grant testing procedures, we were unable to verify whether the "WSFN Grant - Dangin – Mears" had an appropriately recorded contract liability due to the client being unable to provide supporting evidence on the basis of their revenue recognition.

Rating: Moderate

Implication:
The absence of supporting evidence makes it difficult to determine whether contract liabilities are correctly recognised, which could result in an understatement or overstatement of contract liabilities and incorrect revenue disclosures on the financial statement.

Recommendation:

We recommend that management document the process for the recognition of revenue/contract liabilities including keeping all records of each grant per their grant register from the initial start date.

Interim Management Comment:

The ability to produce a grant agreement for the WSFN funding is due to there not being one. Refer to John Nuttall email response, Programme Director of WSFN. *"There is no 'signed' agreement between the Shire and WSFN. After every award we write to the respective shire setting out the amount awarded, the project it relates to and the timeline. Separately our work is subject to the Basis of Design and various governance documents (which can all be found on our website). Finally, the government portion of the funding is from the same 'stream' as the Regional Road Group funding – and so the general terms of that funding would also be relevant.*

Responsible Persons: Tricia Brown
Completion Date: 28/04/2026

OFFICIAL

Office of the Auditor General
Serving the Public Interest

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PERTH WA 6849

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Our Ref: F21-69

Cr Trevor Stacey
President
Shire of Quairading
PO Box 38
QUAIRADING WA 6383

Email: crstacey@quairading.wa.gov.au

Dear President

ANNUAL FINANCIAL REPORT
INTERIM AUDIT RESULTS FOR THE YEAR ENDING 30 JUNE 2026

We have completed the interim audit for the year ending 30 June 2026. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to primarily evaluate your financial control environment, and to obtain an understanding of the key business processes, risks and internal controls relevant to our audit of the annual financial report.

Management control issues
We would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the course of the interim audit. These matters have been discussed with management and their comments have been included on the attachment. The matters reported are limited to those deficiencies that were identified during the interim audit that we have concluded are of sufficient importance to merit being reported to management.

An audit is not designed to identify all internal control deficiencies that may require management attention. It is possible that irregularities and deficiencies may have occurred and not been identified as a result of our audit.

This letter has been provided for the purposes of your local government and may not be suitable for other purposes.

We have forwarded a copy of this letter to the CEO. A copy will also be forwarded to the Minister for Local Government when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Feel free to contact me on 6557 7542 if you would like to discuss these matters further.

Yours faithfully

Liang Wong
Director
Financial Audit
18 June 2026

Attach

OFFICIAL

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Index of findings	Potential impact on audit opinion	Rating	Year first raised
1. Purchase Order ("PO") Approval Limits	No	**Significant**	2025
2. Manual Journals	No	**Moderate**	2025
3. Regulation 17 review	No	**Moderate**	2025
4. Lack of independence review over fixed asset transactions	No	**Moderate**	2026
5. Insufficient evidence to support revenue recognition for grants	No	**Moderate**	2026
6. General ledger and trial balance not reconciled	No	**Moderate**	2026
7. Untimely reconciliation of depreciation	No	**Minor**	2026

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

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

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

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

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

1. Purchase Order ("PO") Approval Limits

The Shire does not have defined approval limits for Purchase Orders (POs). There is currently no documented delegation of authority matrix outlining which personnel are authorised to approve POs and up to what dollar threshold.

Rating: **Significant** (**Significant** in 2025)

Implication

The absence of PO approval limits increases the risk of:

- Unauthorised or inappropriate expenditure;
- Lack of accountability and transparency in procurement practices;
- Reduced effectiveness of budgetary control mechanisms.

Recommendation

The Shire should implement a formal Delegation of Authority Policy or Purchasing Policy that clearly defines PO approval limits for different levels of staff. This policy should be approved by Council and regularly reviewed to ensure it reflects current organisational structure and risk appetite. The PO system (Synergy) should be configured to enforce these approval limits.

Management comment

The Purchasing policy will be updated to include clearly defined PO approval limits based on hierarchy of positions and presented to Council for adoption. Once adopted the policy will be reviewed in line with current reviewing schedules. Synergy will be updated to reflect the approval limits.

Responsible Persons: **Tricia Brown**
Completion Date: **31/08/2026**

ATTACHMENT

SHIRE OF QUAIRADING
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

2. Manual Journals

In the previous year, we noted that the manual journals spreadsheet that details the journals to be posted includes the preparer and reviewer; however the file is in excel format and could be edited at any time. Management advised that manual journals are reviewed and approved using hard copy documentation in current year however no supporting evidence has been provided to confirm the review and approval process.

Rating: **Moderate** (**Moderate** in 2025)

Implication
The use of an excel spreadsheet to record manual journals without secure controls increases the risk of unauthorised changes to the preparer and reviewer information.

Recommendation
We recommend establishing a formal sign-off or electronic approval process in respect to manual journals that securely records the date and details of the preparer and reviewer, ensuring these records cannot be altered.

Management comment
All journals completed by the EMCS are now being put into PDF and sent to CEO for approval. Journals by other finance staff are being reviewed by EMCS with the batch Txn Listing being stamped in PDF form as approved.

Responsible Persons: **Tricia Brown**
Completion Date: **30/06/2026**

ATTACHMENT

SHIRE OF QUAIRADING
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

3. Regulation 17 review

The *Local Government (Audit) Regulations 1996* requires under regulation 17 that the CEO conducts a review of (i) risk management, (ii) internal controls and (iii) legislative compliance not less than once every 3 financial years ("Regulation 17 Review").

Management indicated the Regulation 17 Reviews are conducted regularly as part of the Shire's compliance activities; however, there is no formal documentation maintained to evidence these reviews. The Regulation 17 review was last completed and documented by management in September 2022.

Rating: **Moderate** (**Moderate** in 2025)

Implication
Risk of non-compliance with Local Government (Audit) Regulations 1996.

Recommendation
The Shire should formally document appropriate evidence that the Regulation 17 Review has been undertaken, including noting dates, what was performed, findings and actions taken in order to provide clear evidence of compliance and support effective oversight. As required by the regulation, the results of the review should be reported to the Audit Committee.

Management comment
The CEO has now conducted the Regulation 17 review and presented to Council.

Responsible Persons: Nic Warren
Completion Date: 30/06/2026

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

4. Lack of independent review over fixed asset transactions

During our review of the Cycle Risk Assessments (process checks) and the fixed assets walkthrough, we noted that asset additions and disposals are both processed and recorded by the Executive Manager Corporate Services. There is no evidence of independent review or approval over these transactions.

Rating: **Moderate**

Implication
The current process creates a segregation-of-duties conflict, as the same individual is responsible for:

- Initiating transactions
- Recording transactions
- Maintaining the fixed asset register

This increases the risk of:

- Unauthorised asset additions or disposals
- Misstatement of asset values
- Fraudulent manipulation of asset records
- Errors going undetected

Recommendation
To strengthen the control environment, management should implement an independent review and approval process for all fixed asset additions and disposals. This could include:

- Independent approval of asset additions/disposals by a senior officer not involved in processing
- Periodic review of the fixed asset register by Finance
- Supporting documentation (invoices, disposal forms, valuation reports) being reviewed and signed off
- System-based workflow approvals where available

These steps would ensure transparency, accountability, and accuracy in fixed asset reporting.

Management comment
All asset additions and disposal are now reviewed by the CEO.

Responsible Persons: **Tricia Brown/ Nic Warren**
Completion Date: **28/04/2026**

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

5. Insufficient evidence to support revenue recognition for grants

During our grant testing procedures, we were unable to verify whether the "WSFN Grant - Dangin – Mears" had an appropriately recorded contract liability. The Shire was unable to provide supporting evidence to substantiate the basis on which revenue was recognised for this grant. As a result, we could not determine whether revenue should have been deferred or recognised in the current period.

Rating: **Moderate**

Implication
The absence of supporting documentation creates a risk that:

- Revenue recognition may not comply with AASB 15 *Revenue from contracts with customers* or AASB 1058 *Income of not-for-profit entities*
- A contract liability may be understated or omitted
- Grant income may be recognised prematurely, overstating current-year revenue
- The financial statements may contain material misstatements relating to grant funding obligations

This also indicates a broader weakness in grant documentation management and compliance monitoring.

Recommendation
Management should:

- Maintain grant agreements and all related correspondence in a central, accessible location
- Document the assessment of performance obligations and the rationale for revenue recognition under AASB 15 or AASB 1058
- Ensure that supporting evidence (e.g., milestones, acquittal reports, funding conditions) is retained to justify whether a contract liability is required
- Implement a review process for grant revenue recognition decisions

These steps will support accurate financial reporting and compliance with accounting standards.

Management comment
The inability to produce a grant agreement for the WSFN funding is due to there not being one. Refer to John Nuttall email response, Programme Director of WSFN. "There is no 'signed' agreement between the Shire and WSFN. After every award we write to the respective shire setting out the amount awarded, the project it relates to and the timeline. Separately our work is subject to the Basis of Design and various governance documents (which can all be found on our website). Finally, the government portion of the funding is from the same 'stream' as the Regional Road Group funding – and so the general terms of that funding would also be relevant.

Management will document the process/assessment for recognition of revenue/contract liabilities for future WSFN funding opportunities.

Responsible Persons: **Tricia Brown**
Completion Date: **28/04/2026**

OFFICIAL

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

6. General ledger and trial balance not reconciled

During the interim audit, we noted that the general ledger did not reconcile and the trial balance was not balanced, with a variance of approximately $677k prior to a manual adjustment. This adjustment involved the removal of incorrect batches and fixed assets entries by the audit team, indicating that the underlying issue originated from incorrect or incomplete postings within the client's financial system.

Rating: **Moderate**

Implication
A non-balancing general ledger and trial balance is a fundamental breakdown in financial controls. The issue increases the risk that:

- Financial statements contain material misstatements
- General ledger integrity is compromised
- Errors in batch processing or fixed asset postings may remain undetected
- Management may be relying on inaccurate financial information for decision-making
- The audit team may need to perform additional substantive procedures to obtain assurance

The fact that the audit team had to correct the ledger themselves further highlights a control environment weakness.

Recommendation
Management should:

- Implement a formal month-end reconciliation process to ensure the general ledger and trial balance reconcile before being provided to auditors
- Review and correct posting errors at the source rather than relying on external adjustments
- Introduce a review control over batch entries and fixed asset journals
- Investigate and document incorrect batches and fixed asset entries to prevent recurrence
- Provide auditors with a balanced trial balance and supporting reconciliation as part of the interim and year-end deliverables
- Engage the system provider to clarify how to exclude irrelevant entries from general ledger reports if the issue is system related.

These steps will help restore the reliability, accuracy, and completeness of the financial reporting process.

Management comment
Management has a formal month-end reconciliation process which did balance. The items producing the requirement for the manual adjustment were not incorrect entries and could not be corrected. This was purely due to how the report is created by the system and I have engaged the system provider to provide a response on how to alleviate these items even though they had no General Ledger connection.

All batch entries are reviewed including fixed asset journals.

Responsible Persons: **Tricia Brown**
Completion Date: **30/06/2026**

ATTACHMENT

SHIRE OF QUAIRADING

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

7. Untimely reconciliation of depreciation

During our review of the interim audit analytics covering the period up to 31 March 2026, we identified that depreciation expense had not been reconciled past January 2026. As a result, the March 2026 trial balance reflected depreciation for only the first seven months of the financial year, leading to inaccurate balances for both depreciation expense and accumulated depreciation.

Rating: Minor

Implication

Failure to perform timely reconciliations increases the risk that:

- Depreciation expense is understated
- Accumulated depreciation is incorrectly stated
- Carrying values of assets are overstated
- Errors in the fixed asset register may go undetected
- Interim financial reporting may be unreliable

This also indicates a weakness in the month-end reconciliation process.

Recommendation

Management should:

- Perform monthly reconciliations of depreciation expense and accumulated depreciation
- Ensure depreciation journals are posted consistently throughout the year
- Implement a review control to confirm completeness and accuracy
- Reconcile the fixed asset register to the general ledger as part of the month-end close

This will ensure depreciation is recorded accurately and financial information remains reliable throughout the year.

Management comment

The calculation of depreciation is a manual process and is run when the Monthly Financial Statements are being generated as part of the month end. This is done when all other month end processes have been completed ensuring that all transactions for the month have been accounted for. EMCS was on leave in February and therefore was not run until later when completing the March EOM processes. Management will ensure that depreciation is run without delay even if staff members are on leave.

Responsible Persons: **Tricia Brown**
Completion Date: **28/04/2026**

6.2 Audit Register - Progress Report

Responsible Officer	Nic Warren, Chief Executive Officer
Reporting Officer	Tricia Brown, Executive Manager, Corporate Services
Attachments	1. Attachment (i) Audit Register Progress Report ⇩
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil Responsible Officer: Nil

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OFFICER RECOMMENDATION

1. That the Audit, Risk & Improvement Committee recommends to Council, that Council notes the progress recorded against each item within the audit register in attachment (i).
2. That the Audit, Risk & Improvement Committee recommend to Council to accept the new findings from the revised 2025-2026 Interim Management Letter and be added to the Audit Register Progress Report - Attachment (i)
3. That the Audit, Risk & Improvement Committee recommend to Council, that Council accept the completed findings and approves their removal from the Audit Register Progress Report (Attachment (i)

IN BRIEF

- This report provides an update on the progress of actions included in the audit register.
- The audit register includes all open audit findings that have previously been accepted by the Audit, Risk & Improvement Committee.

MATTER FOR CONSIDERATION

Receipt of the audit register progress report to 31 July 2026.

BACKGROUND

The external audit, also known as financial audits or audit of the annual financial statements, focuses on providing an objective and independent examination of the financial statements prepared by the Shire, increasing the value and user confidence in the financial statements.

The audit register lists findings from audit reports previously accepted by the Audit, Risk & Improvement Committee. The register describes the progress of implementing improvements and percentage completion. Progress on the actions is monitored by management, this Committee and Council.

New findings from the revised 2025/2026 interim audit management letter are included in this report.

STATUTORY ENVIRONMENT

Local Government (Audit) Regulations 1996

Local Government (Financial Management) Regulations 1996

Local Government Act 1995

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Council has received for the 2025/2026 Audit Fee an indicative amount of $47,300. Only a 3.04% increase from the prior year budget amount.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.4 Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil.

RISK ASSESSMENT

	Option 1
Financial	*Moderate* *The costs associated with the annual audit is included in the budget. Due to substantial extra work conducted by the Auditors a significantly higher fee was required. The 25/26 indicative Audit Fee is expected to be only a minimal increase.*
Health	Low
Reputation	Low *Compliant with legislative requirements. Failure to complete the findings from audit reports would lead to increased reputational risk.*
Operations	Low *Operational impact is minimal in reporting progress on audit findings. Operational impact of not closing findings would escalate.*
Natural Environment	Low

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

The audit register **attachment (i)** counts actions and totals by “Finding #”. Each finding may have more than one “recommendation” and associated “agreed management action”. Only when all recommendations and agreed management actions within a finding are deemed complete will the finding, as a whole be, totalled at 100% complete and recommended to be closed.

The process for adding and removing findings to the audit register is as follows:

1. An external audit is completed, and an audit report is finalised.
2. The audit report is presented to the Audit, Risk & Improvement Committee (ARIC).
3. The ARIC recommends to Council that it notes and accepts the audit report.
4. All findings from the audit report are **added** to the audit register.
5. Progress is reported by management with updates recorded quarterly in “officer comment / action taken”.
6. Any findings deemed as complete by management are marked as “100% complete” with the status of “closed”.
7. The audit register – progress report is submitted by management to the ARIC.
8. The ARIC reviews the audit register and confirms completion of any 100% and closed findings.
9. The ARIC recommends to Council that it notes progress and approves the findings marked as complete to be registered as closed.
10. Closed findings are **removed** from the audit register.

A summary of the audit register, included below, will illustrate the trend of actions that have been added, progressed, and completed.

The blue row represents actions added by the ARIC. New audit findings presented to the current meeting are included at the subsequent meeting, following acceptance.

The green row represents actions closed by the ARIC and will always total 0 for the current meeting date. The closed actions from the current meeting will then be shown in the “closed by the Audit, Risk & Improvement Committee” total in the subsequent meeting’s table summary.

Status of Actions		ARIC - Meeting Date: 11.08.26										
	02/2024	05/2024	08/2024	11/2024	02/2025	05/2025	08/2025	11/2025	03/2026	05/2026	08/2026	TOTAL
New actions added by ARIC	1	0	7	0	3	0	5	0	5	4	3	27
Not commenced ≤10%	0	0	0	0	0	0	0	0	0	0	0	0
Progressed >11% to 99%	1	1	8	8	11	11	16	16	20	4	3	27
Completed =100%	7	0	0	0	0	0	0	0	10	0	0	17
Total cumulative closed by ARIC	7	7	7	7	7	7	7	7	17	17	6	23

The committee is requested to recommend to Council that Council note the progress and Officer comments.

AUDIT AND RISK REGISTER PROGRESS REPORT

ARC Meeting 11 August 2026

Count	Audit Type	Report Date	Finding	Risk Rating	Implication	Recommendation	Agreed Management Action	Responsible Officer	Completion Date (Due)	Officer Comment / Action Taken	Date of Comment	% Complete	Status	Closed Tally
	RISKS IDENTIFIED - 2024-2025													
1	2024-2025 Interim Audit	2/07/2025	**The Shire does not have defined approval limits for Purchase Orders (POs). There is currently no documented delegation of authority matrix outlining which personnel are authorised to approve POs and up to what dollar threshold.**	Significant	The absence of PO approval limits increases the risk of: • Unauthorised or inappropriate expenditure; • Lack of accountability and transparency in procurement practices; • Reduced effectiveness of budgetary control mechanisms.	We recommend that the Shire implements a formal Delegation of Authority Policy or Purchasing Policy that clearly defines PO approval limits for different levels of staff. This policy should be approved by Council and regularly reviewed to ensure it reflects current organisational structure and risk appetite. The PO system (Synergy) should be configured to enforce these approval limits.	The Shire will integrate approval limits for staff into its current Purchasing Policy which will be taken to Council for approval. Once approved the Synergy Purchasing System will be updated to reflect the approved limits	Tricia Brown - Executive Manager Corporate Services	30/06/2025	The purchasing policy will be reviewed to include PO approval limits and once approved Synergy will be updated to reflect this.	6/08/2025	70%	Ongoing	
								EMCS	**30/06/2026**	**Although not reported on the Interim 25/26 Audit - Management still need to develop approval limits and authorisation limits for EMT. This will remain until completed.**	**30/04/2026**	**100%**	**Complete**	1
6	2024-2025 Final Audit	5/12/2025	**Regulation 17 Review**	Moderate	The Local Government (Audit) Regulations 1996 require under regulation 17 that the CEO conducts a review of (i) risk management, (ii) internal controls and (iii) legislative compliance not less than once every 3 financial years ("Regulation 17 Review"). Management indicated the Regulation 17 Reviews are conducted regularly as part of the Shire's compliance activities; however there is no formal documentation maintained to evidence these reviews. The Regulation 17 review was last completed and documented by management in September 2022.	The Shire should formally document appropriate evidence that the Regulation 17 Review has been undertaken, including noting dates, what was performed, findings and actions taken in order to provide clear evidence of compliance and support effective oversight. As required by the regulation, the results of the review should be reported to the Audit Committee.	The CEO Reg 17 review has been conducted in separate stages and timelines and doesn't allow for a uniformed overall review. Management recommends the Shire; • Formalise and document each Regulation 17 Review in accordance with the Local Government (Audit) Regulations 1996, ensuring a clear audit trail of the review process, findings and outcomes. • Maintain a structured schedule for Regulation 17 Reviews aligned with legislative requirements, with clear ownership, timelines and reporting expectations. • Table completed reviews with the Audit & Risk Committee to ensure oversight and accountability. • Retain all supporting documentation, including working papers, assessments, action plans and management responses, to demonstrate compliance and facilitate future audits.	**CEO - Nic Warren**	**30/06/2026**	**Regulation 17 Review being conducted by CEO by 30th June 2026.**	**30/04/2026**	**100%**	**Complete**	1
	NEW RISKS IDENTIFIED - 2025-2026 INTERIM AUDIT													
10	2025-2026 Interim Audit		**Purchase Order ('PO") Approval Limits - The Shire does not have defined approval limits for Purchase Orders (POs). There is currently no documented delegation of authority matrix outlining which personnel are authorised to approve POs and up to what dollar threshold.**	Significant	The absence of PO approval limits increases the risk of: • Unauthorised or inappropriate expenditure; • Lack of accountability and transparency in procurement practices; • Reduced effectiveness of budgetary control mechanisms.	The Shire should implement a formal Delegation of Authority Policy or Purchasing Policy that clearly defines PO approval limits for different levels of staff. This policy should be approved by Council and regularly reviewed to ensure it reflects current organisational structure and risk appetite. The PO system (Synergy) should be configured to enforce these approval limits.	The Purchasing policy will be updated to include clearly defined PO approval limits based on hierarchy of positions and presented to Council for adoption. Once adopted the policy will be reviewed in line with current reviewing schedules. Synergy will be updated to reflect the approval limits.	CEO-EMCS	31/07/2026	* A Revised Delegation 'Municipal Fund - Incurring Expenses was presented to Council for approval OCM 30.07.26 * Council adopted an amended Purchasing Policy defining PO approval limits * Council adopted Regional Price Reference Policy * EMCS has updated PO approval limits and persons within the Synergy system	6/08/2026	100%	Complete	1
10	2025-2026 Interim Audit		**Manual Journals - In the previous year, we noted that the manual journals spreadsheet that details the journals to be posted includes the preparer and reviewer; however the file is in excel format and could be edited at any time. Management advised that manual journals are reviewed and approved using hard copy documentation in current year however no supporting evidence has been provided to confirm the review and approval process.**	Moderate	The use of an excel spreadsheet to record manual journals without secure controls increases the risk of unauthorised changes to the preparer and reviewer information.	We recommend establishing a formal sign-off or electronic approval process in respect to manual journals that securely records the date and details of the preparer and reviewer, ensuring these records cannot be altered.	All journals completed by the EMCS are now being put into PDF and sent to CEO for approval. Journals by other finance staff are being reviewed by EMCS with the batch Txn Listing being stamped in PDF form as approved.	EMCS-CEO	30/06/2026	Journals are now kept in PDF and are to be signed as per Heirarchy of approvers	28/04/2026	100%	Ongoing til Final Audit	

AUDIT AND RISK REGISTER PROGRESS REPORT

6	2024-2025 Final Audit	28/04/2026	**Regulation 17 Review - The Local Government (Audit) Regulations 1996 requires under regulation 17 that the CEO conducts a review of (i) risk management, (ii) internal controls and (iii) legislative compliance not less than once every 3 financial years ("Regulation 17 Review"). Management indicated the Regulation 17 Reviews are conducted regularly as part of the Shire's compliance activities; however, there is no formal documentation maintained to evidence these reviews. The Regulation 17 review was last completed and documented by management in September 2022.**	Moderate	Risk of non-compliance with Local Government (Audit) Regulations 1996.	The Shire should formally document appropriate evidence that the Regulation 17 Review has been undertaken, including noting dates, what was performed, findings and actions taken in order to provide clear evidence of compliance and support effective oversight. As required by the regulation, the results of the review should be reported to the Audit Committee.	The CEO has now conducted the Regulation 17 review and presented to Council.	CEO - Nic Warren	30/06/2026	Regulation 17 Review was presented to Council and adopted on 26/05/2026 This will also be added to the Compliance Calendar to avoid delays in future.	6/08/2026	100%	Complete	1
10	2025-2026 Interim Audit	28/04/2024	**Lack of independence review over fixed asset transactions**	Moderate	The absence of segregation of duties increases the risk of errors or unauthorised transactions not being detected in a timely manner. This may result in undetected errors in the financial statements	We recommend that management implement appropriate dual control measures over transactions, including asset additions and disposals. This should involve establishing segregation of duties between the preparation and recording of transactions to ensure that all changes to the fixed asset register are appropriately authorised and monitored.	CEO to review all asset additions and disposals	EMCS-CEO	30/06/2026	CEO to review all asset additions and disposals	28/04/2026	100%	Ongoing til Final Audit	
10	2025-2026 Interim Audit	28/04/2024	**Insufficient evidence to support revenue recognition for grants**	Moderate	The absence of supporting evidence makes it difficult to determine whether contract liabilities are correctly recognised, which could result in an understatement or overstatement of contract liabilities and incorrect revenue disclosures on the financial statement.	We recommend that management document the process for the recognition of revenue/contract liabilities including keeping all records of each grant per their grant register from the initial start date.	No further action to be taken	EMCS	30/06/2026	Support in writing from WSFN Program Director provided to Auditors to support further evidence that a grant agreement is not available..	28/04/2026	100%	Ongoing til Final Audit	
9	2025-2026 Interim Audit	28/04/2024	**Inability to generate balanced GL report**	Moderate	Unreconciled accounts may be inaccurately reported between the general ledger and the amounts reflected in the financial statements, increasing the risk of misstatement, unsupported balances, and errors remaining undetected	Engage the system provider to clarify how to exclude irrelevant entries from GL reports. This will help ensure report outputs are complete, accurate, and appropriate for reconciliation and reporting purposes.	EMCS to investigate orther reporting options via Synergysoft	EMCS	30/06/2026	System generated report, all users of the program will encounter the same problem. Transactioms were easily identified. Running the report without open batches will elimiate some of the discrepancies. Have raised a ticket with Readytech for answers	6/08/2026	50%	Ongoing	
8	2025-2026 Interim Audit	28/04/2024	**Untimely reconciliation of depreciation**	Minor	Depreciation may be overstated or understated, leading to inaccurate profit and unreliable monthly reporting. At the same time, accumulated depreciation and asset carrying values may be misstated, with errors arising from incorrect timing, missed entries, duplicates, or failure to reflect asset additions and disposals.	Implement a timelier reconciliation process for depreciation and fixed assets, including review of additions, disposals, and depreciation calculations. Assign a secondary staff member to perform or review the reconciliation where the primary preparer is unavailable to ensure continuity and timely completion.	Ensure depreciation is run in a timely manner CEO will now review all additions and disposals to the Asset Register	EMCS - CEO	30/06/2026	EMCS was on leave and depreciation was not manually completed at the end of the Month of February. EMCS will ensure this is run in a timely manner.	28/04/2026	100%	Ongoing til Final Audit	

ITEM 7 STANDING ITEMS – CONTROLS, SYSTEMS AND PROCEDURES

7.1 Risk Management Themes

Responsible Officer	Nic Warren, Chief Executive Officer
Reporting Officer	Nic Warren, Chief Executive Officer
Attachments	Nil
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil Responsible Officer: Nil

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OFFICER RECOMMENDATION

That the Audit, Risk & Improvement Committee:

1. Review the overarching themes of the Shire of Quairading Risk Management Framework; and
2. Recommend to Council that Council endorse the review and accept any proposed changes by the Audit, Risk & Improvement Committee resulting from the review.

IN BRIEF

The Audit, Risk and Improvement Committee (ARIC) is requested to review the overarching themes utilised within the Shire's Risk Management Framework and consider whether the current themes appropriately capture the key strategic, operational, financial, governance, compliance and community risks facing the Shire.

The review is intended to provide assurance that the Shire's risk management framework remains appropriately focused on the areas of greatest potential impact to the organisation and community, and that emerging risks are being appropriately identified and monitored.

MATTER FOR CONSIDERATION

Following consideration by ARIC, the following outcomes may arise in relation to the overarching themes utilised within the Shire's Risk Management Framework:

1. **No change** – the current overarching risk themes remain appropriate.
2. **Minor amendment** – existing themes require refinement to their wording or scope.
3. **Additional theme(s)** – an emerging or previously unidentified significant risk area should be added.
4. **Consolidation** – overlapping themes should be combined.
5. **Removal** – an existing theme deemed not relevant to the Shire may be removed/replaced
6. **Further investigation** – a particular risk area requires additional assessment before a change is made to the risk register.

Any proposed changes arising from the ARIC review can subsequently be incorporated into the Shire's risk register and risk reporting processes.

BACKGROUND

The Shire maintains a strategic risk register which identifies and assesses significant risks that may impact the Shire's ability to achieve its strategic objectives, deliver services to the community and meet its legislative and governance obligations.

To assist with the identification, assessment and monitoring of risks, the Shire has grouped its significant risks into a series of overarching themes.

Risk Category	Overarching Risk Theme
Governance, Financial and Compliance Risks	Financial Viability and Asset Management
Governance, Financial and Compliance Risks	Cybersecurity and Data Protection
Governance, Financial and Compliance Risks	Organisational Misconduct
Infrastructure and Operational Risks	Workforce Challenges and Skills Shortage
Infrastructure and Operational Risks	Power Supply Reliability and Emergency Response
Infrastructure and Operational Risks	Road Infrastructure and Maintenance
Community Health and Safety Risks	Workplace Health and Safety Compliance
Community Health and Safety Risks	Healthcare Service Stability
Community Health and Safety Risks	Natural and Man-Made Disasters
Strategic, Social and Economic Risks	Housing Availability and Affordability
Strategic, Social and Economic Risks	Social Challenges and Community Expectations

The purpose of the review is not to assess the individual risk ratings or controls contained within the risk register, but rather to consider whether the structure and coverage of the overarching themes remain appropriate.

This provides ARIC with an opportunity to consider the Shire's risk environment at a strategic level and identify any areas where risks may be emerging, increasing in significance or not currently adequately represented within the risk register.

STATUTORY ENVIRONMENT

Local Government Act 1995

POLICY IMPLICATIONS

Risk Management Policy

FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the review of the overarching risk themes.

Any financial implications associated with the identification or treatment of specific risks would be considered separately through the Shire's normal budgeting, financial management and risk treatment processes.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.4 **Governance & Leadership**: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

1.1 Infrastructure and Operational Risks: Workforce Challenges and Skills Shortage

1.2 Infrastructure and Operational Risks: Power Supply Reliability and Emergency Response

1.3 Infrastructure and Operational Risks: Road Infrastructure and Maintenance

2.1 Community Health and Safety Risks: Workplace Health and Safety Compliance

2.2 Community Health and Safety Risks: Healthcare Service Stability

2.3 Community Health and Safety Risks: Natural and Man-Made Disasters

3.1 Governance, Financial and Compliance Risks: Financial Viability and Asset Management

3.2 Governance, Financial and Compliance Risks: Cybersecurity and Data Protection

3.3 Governance, Financial and Compliance Risks: Organisational Misconduct

4.1 Strategic, Social and Economic Risks: Housing Availability and Affordability

4.2 Strategic, Social and Economic Risks: Social Challenges and Community Expectations

RISK ASSESSMENT

	Option 1
Financial	Moderate *The review assists in identifying risks that may adversely affect the Shire's financial sustainability and asset management capacity*
Health	Moderate *Supports identification and monitoring of risks that may affect employees, contractors and the broader community.*
Reputation	Moderate *Early identification and monitoring of significant risks may reduce the likelihood of adverse impacts on the Shire's reputation and community confidence.*

Operations	Moderate *Supports identification of risks that may affect the Shire's ability to maintain services, infrastructure and operational capability.*
Natural Environment	Moderate *Provides an opportunity to consider environmental, climate and disaster-related risks within the Shire's broader risk profile.*

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

The Shire operates within an environment where a number of risks are interconnected and may have consequences across multiple areas of the organisation.

For example, workforce shortages may affect the Shire's ability to maintain roads and other assets, respond to emergencies, undertake compliance activities and maintain appropriate governance processes. Similarly, financial viability and asset management are closely linked with constrained financial resources potentially affecting the Shire's ability to maintain its asset base and deliver services.

The overarching themes therefore provide a useful mechanism for considering whether the Shire's risk profile reflects both individual risks and the broader risk environment in which the Shire operates.

The ARIC is requested to consider the following matters when reviewing the current themes:

Risk Coverage

Whether the existing themes adequately capture the significant risks currently facing the Shire.

In particular, consideration should be given to whether there are any significant areas of risk which are not currently represented.

Emerging Risks

Whether there are emerging risks that may warrant inclusion within the risk framework, including risks arising from changes in:

- government legislation and regulatory requirements;
- climate change;
- artificial intelligence
- infrastructure condition and renewal requirements;
- emergency management and critical infrastructure;
- community expectations and changing service demands.

Relevance

Whether each existing theme remains relevant to the Shire's current operating environment and strategic objectives.

ARIC may also consider whether any themes have become less significant or whether their wording should be amended to better reflect the nature of the underlying risks.

Duplication and Interrelationships

Whether there is unnecessary duplication between themes or whether risks that cross multiple themes are appropriately recognised.

The Committee may also consider whether the current categorisation appropriately identifies risks that have the potential to affect multiple areas of the Shire simultaneously.

Risk Appetite and Tolerance

Whether the overarching themes provide an appropriate basis for the Council and management to consider the Shire's risk appetite and tolerance.

The review may assist in identifying areas where the Shire's exposure to risk may warrant further consideration by Council or management.

ARIC ROLE

The review is consistent with the Committee's role in providing oversight in relation to the Shire's risk management framework.

ARIC's consideration of the overarching themes is intended to determine whether the Shire's risk management approach appropriately identifies and responds to material risks.

7.2 Compliance Audit Return 2025

Responsible Officer	Nic Warren, Chief Executive Officer
Reporting Officer	Marion Haeusler, Manager of Governance
Attachments	1. Shire of Quairading - Compliance Audit Return 2025 ⇩
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil Responsible Officer: Nil

OFFICER RECOMMENDATION

That the Audit, Risk & Improvement Committee recommend to Council that Council endorse the Statutory Compliance Audit Return for the period 1st January 2025 to 31st December 2025.

IN BRIEF

Completion and endorsement of a Compliance Audit Return (CAR) is legislative requirement for Council, that documents the local government's review of internal procedures and processes to ensure they are compliant with relevant local government Acts and Regulations.

Officers have prepared the CAR 2025 for the period from 1st January 2025 to 31st December 2025 as attached in Attachment 1 for the Audit, Risk & Improvement Committee's consideration and its recommendation to Council for endorsement.

MATTER FOR CONSIDERATION

The submission of a Compliance Audit Return for the period 1st January 2025 to 31st December 2025 is a statutory requirement. The CAR must be submitted to the Local Government Inspector by 30th September 2026 following review by the Audit, Risk & Improvement Committee and endorsement from Council.

BACKGROUND

The Compliance Audit Return (CAR) remains an annual self-assessment that local governments are required to undertake under regulation 14 of the *Local Government (Audit) Regulations 1996*. Local governments must conduct a compliance audit covering the period 1 January to 31 December and prepare a CAR to assess its compliance with legislative requirements under the *Local Government Act 1995* and associated regulations. The process supports accountability, transparency and good governance across the local government sector.

The legislative framework governing the CAR has undergone significant reform following the introduction of the Local Government Inspectorate and the implementation of the local government reforms. In particular, the statutory requirements subject to compliance audit returns have been revised and are now prescribed under the amended regulation 13 of the *Local Government (Audit) Regulations 1996*, which took effect on 1 January 2026.

Responsibility for oversight of the CAR process no longer lies with the Department of Local Government, it must now be submitted to the Local Government Inspectorate. The amended regulations also integrate the newly established Audit, Risk and Improvement Committee (ARIC) framework, and continue to require the CAR to be reviewed by the ARIC before being considered and adopted by Council prior to submission to the Local Government Inspector.

The amended legislative framework also provides the Local Government Inspector with powers to determine and limit the statutory provisions that must be audited and reported on in a particular year.

For the 2025 compliance period (1 January to 31 December 2025), the submission deadline has been extended to 30 September 2026 to accommodate the transition to the new compliance audit framework and reporting arrangements.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government Amendment Act 2023

Local Government (Administration) Regulations 1996

Local Government (Audit) Regulations 1996

Local Government (Elections) Regulations 1997

Local Government (Financial Management) Regulations 1996

Local Government (Functions and General) Regulations 1996

Local Government (Audit) Regulations 1996

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.3 **Governance & Leadership**: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

5.4 **Governance & Leadership**: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

3.3 Governance, Financial and Compliance Risks: Organisational Misconduct

RISK ASSESSMENT

	Option 1
Financial	Low *The CAR has been completed internally without incurring additional costs.*
Health	N/A
Reputation	Low *The Compliance Audit Return is an opportunity for Council to ensure that internal processes are being completed in line with statutory requirements.*
Operations	Low *The completion of the CAR is not out of Council Officers' normal scope of work.*
Natural Environment	N/A

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

Officers have answered questions with "N/A" where no processes or transactions relating to the particular section or regulation have occurred in the reporting period.

The following instances of non-compliance for the Shire or Quairading have been reported in the CAR 2025:

- In relation to s.3.58(3) and (4) of the *Local Government Act 1995*: Property disposal process for land sold in the Cuneata Rise development have spanned multiple reporting periods and those that were non-compliant with the relevant section have now settled in the 2025 reporting period. All subsequent property disposal processes were finalised compliant with legislative requirements.

- In relation to s.7.12A(4) and (5) of the *Local Government Act 1995*: Although significant findings as indicated in the Auditor Generals' Final Management Letter from December 2025 were included in the report to the ARIC at its March 2026 meeting, no formal report was made to the Minister or published on the Shire's website. This oversight occurred due to the circumstances of the findings in questions and the responsible Officer's reporting on them to other authorities at the time. The implementation of the compliance calendar through Attain will ensure that this legislative requirement is flagged in the future to guarantee compliance with this section going forward.
- In relation to r. 17 of the *Local Government (Audit) Regulations 1996*: As previously reported by the CEO to Council, a complete review of the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal controls and legislative compliance had not been endorsed by Council since September 2019, previous to the end of the reporting period. This review has since been carried out and endorsed by Council in May 2026 to restore compliance with this regulation.

GOVERNMENT OF WESTERN AUSTRALIA

Local Government Inspector

2025 Compliance Audit Return

Local Government Authority: The Shire of Quairading

Local Government Act 1995

s. 2.29

Has every person elected or appointed to a mayor, president, deputy, or councillor role made the required declaration in the prescribed form before a prescribed person, prior to acting in the office?

Response: Yes

s. 3.16

Has the local government reviewed local laws, which have not been reviewed in the previous 8 years, to ensure compliance with Schedule 9.3, Clause 65?

Response: Yes

s.3.57

Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?

Response: Yes

s. 3.58(3)

Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)?

Response: No

Comments: Finalisation of disposal processes related to sale of land that have been previously reported in the Shire's CAR as non-compliant. All subsequent disposals have met legislative requirements.

s. 3.58(4)

Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4) of the Act, in the required local public notice for each disposal of property?

Response: No

Comments: See previous note.

s. 3.59(2)(a)

Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2025?

Response: N/A

s. 3.59(2)(b)

Has the local government prepared a business plan for each major land transaction that was not exempt in 2025?

Response: N/A

s. 3.59(2)(c)

Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2025?

Response: N/A

s. 3.59(4)

Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2024?

Response: N/A

s. 3.59(5)

During 2025, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?

Response: N/A

s. 5.16 (1)

Were all delegations to committees resolved by absolute majority?

Response: Yes

s. 5.16 (2)

Were all delegations to committees in writing?

Response: Yes

s. 5.17

Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?

Response: Yes

s. 5.18

Were all delegations to committees recorded in a register of delegations?

Response: Yes

s. 5.36(4) and s. 5.37(3)

Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?

Response: Yes

s. 5.37(2)

Did the CEO inform council of each proposal to employ or dismiss senior employee?

Response: N/A

Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?

Response: N/A

s. 5.39B

Has the local government adopted and maintained model standards that incorporate the prescribed model standards within required timeframes (including amendments), ensured adoption by absolute majority, published an up-to-date version on its official website, and avoided including any inconsistent additional provisions?

Response: Yes

s. 5.42

Were all delegations to the CEO resolved by an absolute majority?

Response: Yes

Were all delegations to the CEO in writing?

Response: Yes

s. 5.43

Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995?

Response: Yes

s. 5.44(2)

Were all employees delegated authority by the CEO under Section 5.44(1), issued with a written instrument of delegation?

Response: Yes

s. 5.45(1)(b)

Were all decisions by the Council to amend or revoke a delegation made by absolute majority?

Response: Yes

s. 5.46

Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?

Response: Yes

Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2024/2025 financial year?

Response: Yes

Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?

Response: Yes

s. 5.50

If the local government paid a finishing employee an amount in addition to their entitlement, did the local government follow a policy it had adopted and published on its website outlining the circumstances in relation to payments made to terminated employees?

Response: N/A

If the local government made a payment to a finishing employee that is more than the amount set out in the policy, was local public notice given?

Response: N/A

s. 5.51A

Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government?

Response: Yes

Has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?

Response: Yes

s. 5.67

Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?

Response: Yes

s. 5.68(2)

Were all decisions regarding participation approval in relation to Section 5.68(2), including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?

Response: N/A

s. 5.69(5)

Were all decisions regarding participation approval in relation to Section 5.69(5), including the extent of participation allowed recorded in the minutes of the relevant council or committee meeting?

Response: N/A

s. 5.70

Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?

Response: Yes

s. 5.71B(5) and (7)

Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?

Response: N/A

Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered?

Response: N/A

s. 5.73

Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?

Response: Yes

s. 5.75

Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?

Response: Yes

s. 5.76

Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2025?

Response: Yes

s. 5.77

On receipt of a primary or annual return, did the CEO, or the Mayor/President, as the case may be, give written acknowledgment of having received the return?

Response: Yes

s. 5.88

Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995?

Response: Yes

Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?

Response: Yes

After a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?

Response: Yes

Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?

Response: Yes

s. 5.89A

Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?

Response: Yes

Did the CEO publish an up-to-date version of the gift register on the local government's website?

Response: Yes

s. 5.90A

Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?

Response: Yes

s. 5.94

Does the local government have information available for members of the public to inspect, free of charge as prescribed under section 5.94 and Admin Reg 29, except where restricted under this section?

Response: Yes

s. 5.96

Where a person is entitled to inspect information under this Division, can the local government confirm that copies are available and that the price at which it sells copies does not exceed the cost of providing them, (unless prescribed otherwise)?

Response: Yes

s. 5.96A

Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?

Response: Yes

s. 5.104

Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates that incorporates the model code of conduct?

Response: Yes

Did the local government adopt additional requirements in addition to the model code of conduct?

Response: No

Comments: Council considered the provisions of the model code of conduct to be sufficient.

Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?

Response: Yes

s. 5.128

Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?

Response: Yes

s. 7.12A(3), (4) and (5)

Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?

Response: Yes

Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters?

Response: No

Comments: The final management letter received by Council in December 2025 indicated three significant findings. Although a report including actions taken and planned was received by the ARIC and Council in March 2026, a copy of the report was not given to the Minister.

Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?

Response: No

Comments: In addition to the previous comment, a report was not published on the Shire website.

Local Government (Administration) Regulations 1996

r. 18F

Were the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995?

Response: Yes

r. 19AB

Does the code of conduct contain the requirement that a local government employee (not including the CEO) must not accept a prohibited gift from an associated person?

Response: Yes

r. 19AC

Does the local government's code of conduct include requirements for the recording, storing, disclosure, and use of information relating to gifts accepted by local government employees (excluding the CEO) from associated persons, in accordance with regulatory requirements?

Response: Yes

r. 19AE

Does the local government's code of conduct include requirements addressing employee behaviour in the performance of duties, interactions with others, use and disclosure of information, use of local government resources and finances, the keeping of records, and the reporting and management of suspected breaches and misconduct, in accordance with regulatory requirements?

Response: Yes

r. 19B

Did the local government include in its annual report all information required under section 5.53(2)(g) and (i) and regulation 3A(2), including number of employee's in salary bands over $130,000, remuneration and allowances paid, ordered payments, CEO remuneration, council member meeting attendance, available demographic information about council members, and details of any modifications to the strategic community plan or significant modifications to the corporate business plan?

Response: Yes

r. 19C

Has the local government adopted by absolute majority a strategic community plan?

Response: Yes

Comments: An updated Council Plan including separate sections for "Strategic Community Plan" and "Corporate Business Plan" was adopted by Council after Dec 2025, in May 2026.

Adoption date or the date of the most recent review: 29/06/2023

r. 19DA

Has the local government reviewed its corporate business plan in accordance with Admin Regulation 19DA(4)?

Response: Yes

Comments: An updated Council Plan including separate sections for "Strategic Community Plan" and "Corporate Business Plan" was adopted by Council after Dec 2025, in May 2026.

Date of review: 31/07/2025

Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?

Response: Yes

r. 22

No response required. This is covered by s5.75.

r. 23

No response required. This is covered by s5.76.

r. 28

No response required. This is covered by s5.88(1).

r. 28A

No response required. This is covered by s5.89A(1).

r. 29

No response required. This is covered by s5.94.

r. 29C

Does the local government publish all prescribed information on its official website— including up-to-date policies, required details of council member and employee returns, council member fees and allowances, and relevant public notices—within the specified timeframes and in accordance with legislative requirements?

Response: Yes

r. 35

Has every local government council member completed and passed the Council Member Essentials course, consisting of the five required modules and delivered by an approved provider, within 12 months of being elected?

Response: Yes

r. 36

Does the local government appropriately identify and document council members who are exempt from the training requirements under section 5.126(1), including verifying that the member:

- has completed an approved course within the specified 5-year period prior to election, or
- completed the LGASS00002 Elected Member Skill Set before 1 July 2019 within the relevant timeframe, or
- qualifies for the transitional exemption applicable to council members in office at the commencement of the 2019 regulatory amendments?

Response: Yes

Local Government (Audit) Regulations 1996

r. 10

Was the auditor's report for the financial year ending 30 June 2025 received by the local government within 30 days of completion of the audit?

Response: Yes

r. 17

Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2025?

Response: No

Comments: Last complete review carried out in September 2019. Risk Management Review Report received by Council in November 2024. Last Financial Management Review Report received by Council in February 2025. Legislative Compliance reviewed and received by Council as Compliance Audit Return, last in February 2025.

Local Government (Constitution) Regulations 1998

r. 11FA

Did the CEO provide the Minister a report as to the result of the election within 14 days of the declaration and in the form of Form 20 of the Local Government (Elections) Regulations 1997, modified as necessary?

Response: Yes

r. 13

Were all required oaths, affirmations and declarations under section 2.42 (in relation to Commissioners) made in the correct form (Form 8), before the appropriate authorised person?

Response: Yes

Local Government (Elections) Regulations 1997

r. 30G

Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?

Response: Yes

Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?

Response: Yes

Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?

Response: Yes

Local Government (Financial Management) Regulations 1996

r. 5

Has the CEO ensured efficient systems and procedures are established under provisions set out in Financial Management Regulations 5(1)(a) to (g)?

Response: Yes

r. 6

Has the local government ensured that any employee delegated responsibility for day-to-day accounting or financial management operations is not also delegated the responsibility for conducting internal audits, reviewing their own duties, or for managing, directing or supervising someone who carries out these functions?

Response: Yes

r. 7

Did the local government ensure it has regard to the needs of the inhabitants of the district as a whole and not keep separate ward accounts or determine expenditure on the basis of revenue from a ward?

Response: Yes

r. 8

Does the local government maintain separate accounts with a bank or other financial institution for money to be held in the municipal fund, trust fund and for reserve account purposes?

Response: Yes

r. 9

Did the local government keep separate financial records for each trading undertaking and each major land transaction?

Response: N/A

r. 11

Has the local government developed procedures for the authorisation of, and the payment of, accounts in accordance with Local Government (Financial Management) Regulations 11(1), (2) and (3)?

Response: Yes

r. 12

Were payments made from the municipal fund or trust fund made by the CEO under a delegated authority or authorised, in accordance with regulation 13(2), in advance by a council resolution?

Response: Yes

r. 13

Can the local government confirm that, where the CEO has been delegated authority to make payments from the municipal or trust fund, the CEO prepared accurate monthly lists that are presented at the next ordinary council meeting and recorded in the minutes?

- includes the payee's name, payment amount, payment date, and sufficient information to identify each transaction where payments have already been made; or
- includes the payee's name, payment amount, sufficient information to identify each transaction, and the date of the council meeting (to which the list will be presented) for accounts requiring council approval.

Response: Yes

r. 13A

Did the local government prepare a list each month of all payments made using employee-authorised credit, debit or other purchasing cards, and include the payee’s name, the amount of the payment, the date of the payment, sufficient information to identify the payment, and present the list at the next ordinary council meeting (and record in the minutes)?

Response: Yes

r. 19

Has the local government established and documented internal control procedures to enable identification of the nature and location of all investments and any related transactions?

Response: Yes

r. 19C

Has the local government ensured that all investments made under section 6.14(1) comply with statutory restrictions set out in Financial Management Reg. 19C?

Response: Yes

Local Government (Functions and General) Regulations 1996

r. 7

No response required. This is covered by s3.59(2).

r. 9

No response required. This is covered by s3.59(2).

r. 10

No response required. This is covered by s3.59(2).

r. 11A

Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, $250,000 or less or worth $250,000 or less?

Response: Yes

r. 11

No response required. This is covered by s3.57.

r. 12

Did the local government consider the implications of Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?

Response: Yes

r. 14(1), (3) and (5)

If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation?

Response: Yes

r. 15

Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?

Response: Yes

r. 16

No response required. This is covered by r. 15.

r. 17

Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?

Response: Yes

r. 18(1) and (4)

Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?

Response: N/A

Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?

Response: Yes

r. 19

Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?

Response: Yes

r. 21

Does the local government’s advertising and expression of interest processes for limiting who can tender comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?

Response: N/A

r. 22

No response required. This is covered by r. 21.

r. 23

Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?

Response: N/A

Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?

Response: N/A

r. 24

Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?

Response: N/A

r. 24AD(2), (4) and (6)

Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions & General) Regulations 1996 regulations 24AD(4) and 24AE?

Response: N/A

If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?

Response: N/A

r. 24AE

No response required. This is covered by r. 24AD(2), (4) and (6).

r. 24AF

No response required. This is covered by r. 24AD(2), (4) and (6).

r. 24AG

Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?

Response: N/A

r. 24AH(1) and (3)

Did the local government reject any applications to join a panel of prequalified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?

Response: N/A

Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?

Response: N/A

r. 24AI

Did the CEO send each applicant written notice advising them of the outcome of their application?

Response: N/A

r. 24E

Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?

Response: N/A

r. 24F

No response required. This is covered by r. 24E.

I certify this is a true and accurate copy of the 2025 Compliance Audit Return, as adopted by Council at the meeting of _____ 2026.

CEO Date

Mayor or President Date

7.3 Report on Excess Annual Leave and Long Service Leave Entitlements

Responsible Officer	Nic Warren, Chief Executive Officer
Reporting Officer	Tricia Brown, Executive Manager, Corporate Services
Attachments	Nil
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil Responsible Officer: Nil

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OFFICER RECOMMENDATION

That the Audit, Risk & Improvement Committee recommends to Council that Council receive the report on the Shire's leave liabilities.

IN BRIEF

- Not taking a reasonable amount of annual leave or long service leave may pose a threat to the health and safety of employees and represent a significant financial liability for the Shire, therefore there are steps in place to ensure that leave balances are monitored and are at appropriate levels.
- Employee entitlement movements during the year are due to many reasons, such as, leave taken during the period, increased accrued leave balances, increases in remuneration rates and changes in the underlying staff with leave balances transferred to and from the Shire.

MATTER FOR CONSIDERATION

Receipt of the report on excess annual leave and long service leave entitlements and leave liabilities up to the last payroll in July 2026.

BACKGROUND

The current Leave Management Policy defines "excess leave" as when the employee has accrued more than eight weeks paid annual leave and provides management with direction to effectively manage the annual and long service leave entitlements of employees.

The Shire encourages employees to take leave by reinforcing the positive benefits of taking leave when it becomes due. Sometimes there are circumstances that prevent leave being able to be taken, such as staff shortages, outside influences and work demands.

There will be movements in employee entitlements throughout the year. Balances will increase naturally as employees accrue leave entitlements and decrease when employees take leave accrued. This natural fluctuation is monitored by management and through this report to ensure any excess is managed appropriately.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Work Health & Safety Act 2020

Minimum Conditions of Employment Act 1993

POLICY IMPLICATIONS

Leave Management Policy

FINANCIAL IMPLICATIONS

The Employee Entitlements (Annual and Long Service Leave) reserve fund cash balance as of 31 July 2026 is $192,855.

The current liability for both types of leave (if all claimed on 31/07/2026) is calculated at $92,368.78.

Alignment with Strategic Priorities

5.3 **Governance & Leadership**: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

5.4 **Governance & Leadership**: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

Non-compliance with work health and safety legislation increases the risk and potential liability to the public, staff and Councillors.

1.1 Infrastructure and Operational Risks: Workforce Challenges and Skills Shortage

RISK ASSESSMENT

	Option 1
Financial	Low *Financial exposure and therefore risk escalation occurs if leave accruals are not monitored and managed. Adequate reserve balances reduce the risk of financial exposure.*
Health	Low
Reputation	Low
Operations	Low *Impact to operations where employees with excess leave are requested to take leave. This can be mitigated by agreement of mutually acceptable timeframes for taking leave that are not during heavy workload times.*
Natural Environment	Low

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

This report has been prepared to inform the Audit, Risk & Improvement Committee of the current leave liabilities and of any employees who have excess leave and the steps taken to reduce these liabilities.

Annual Leave:

As at 31 July 2026 one (1) employee is over and above the accepted level of excess annual leave.

There has been a 11.32% decrease (dollar value) in the annual leave liability for the 12 months since July 2025.

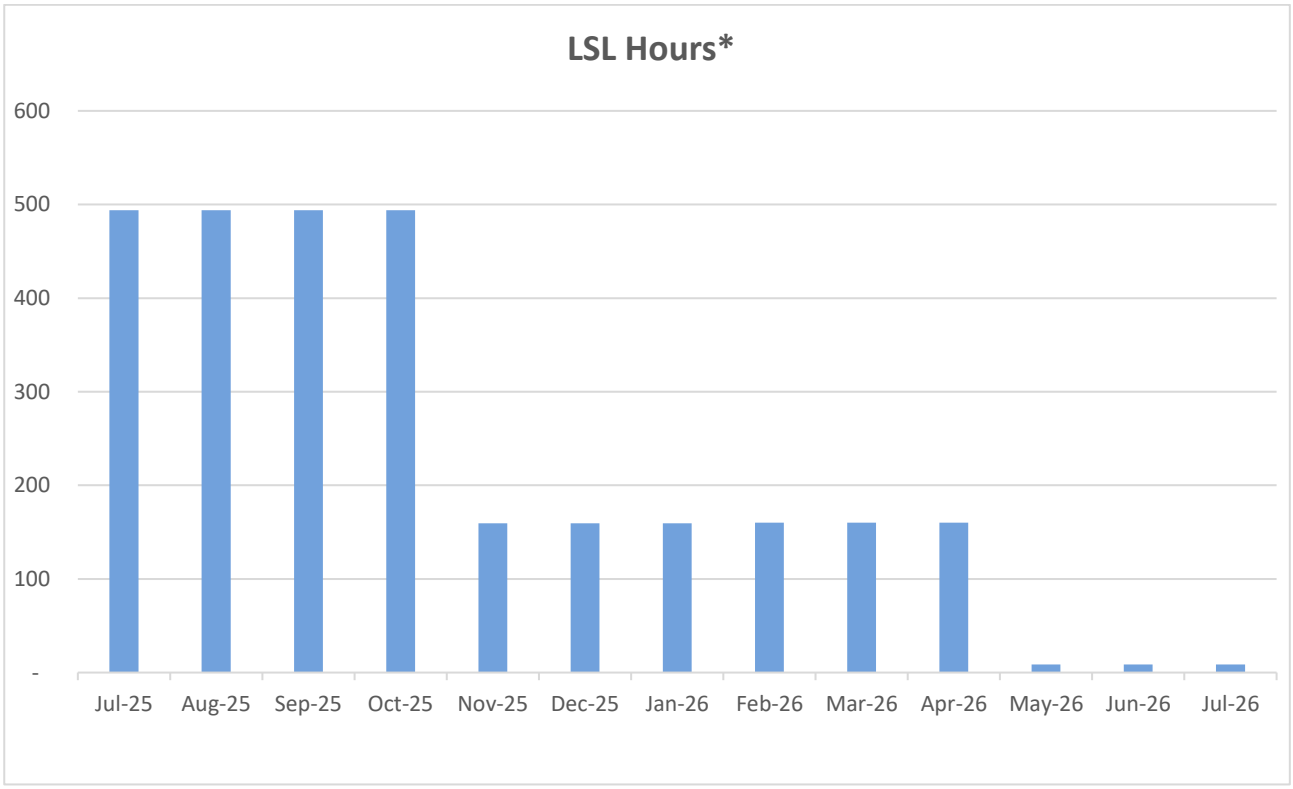
Long Service Leave:

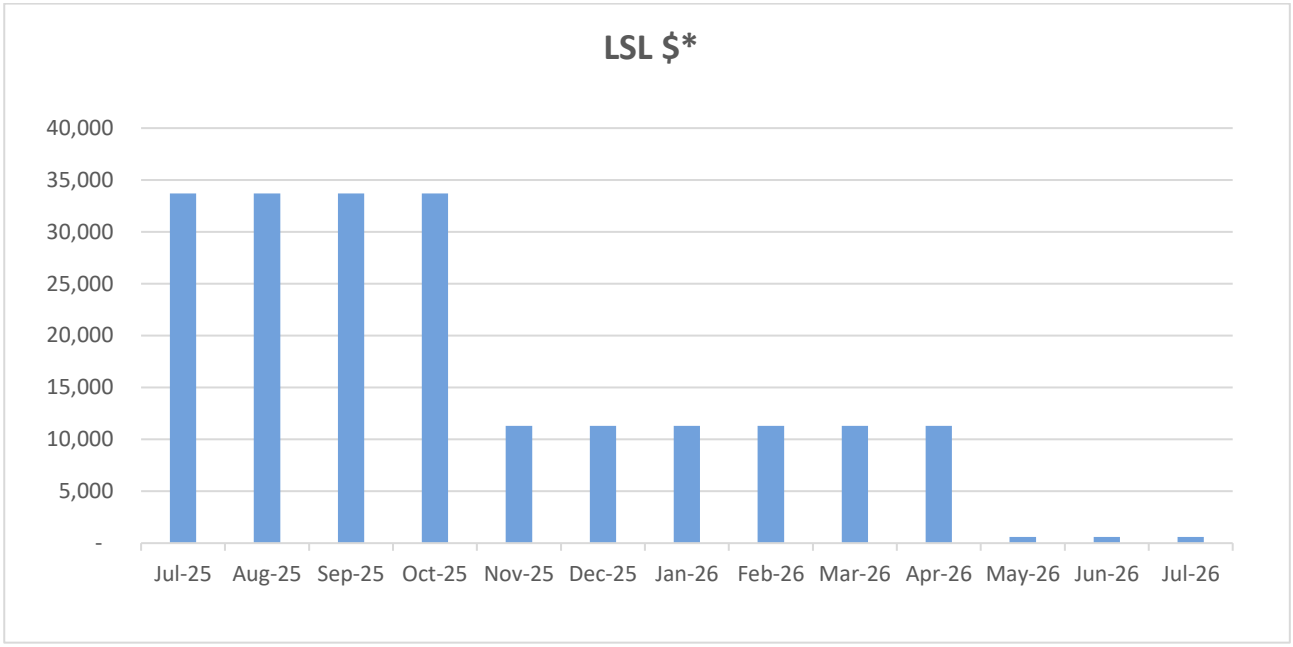
One (1) staff member as of 31 July 2026 has Long Service Leave entitlements of 8.5 hours.

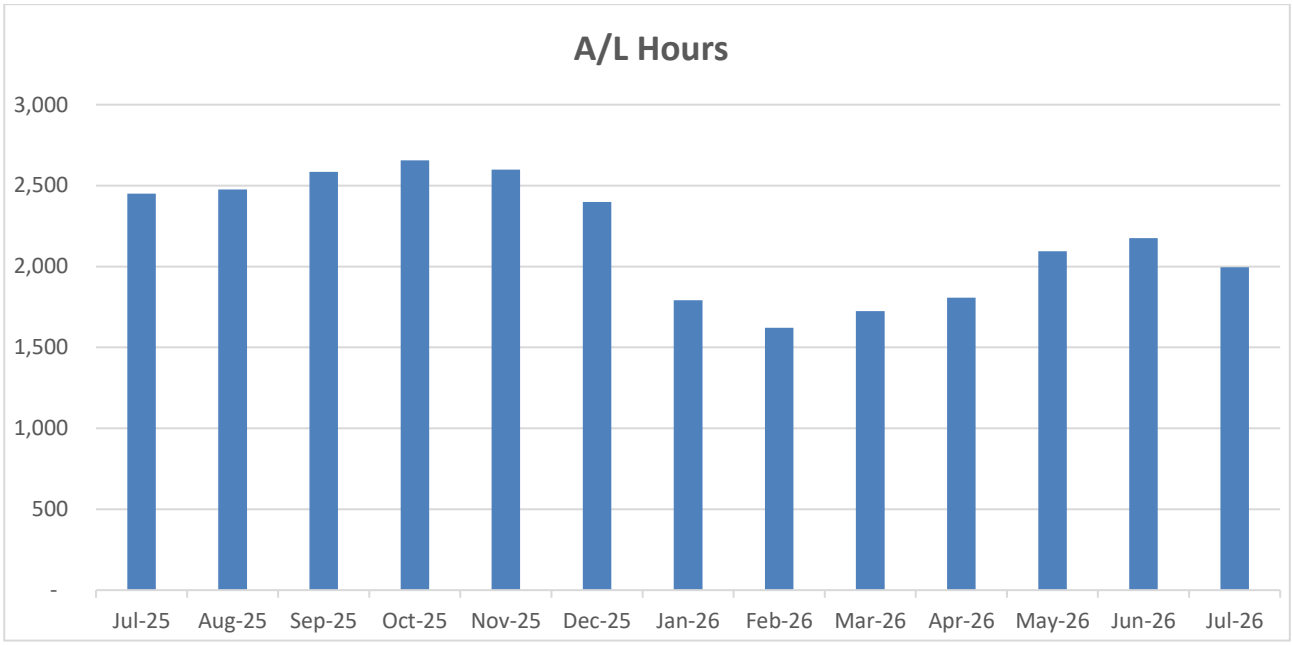
There has been a decrease of 98.21% (dollar value) in the long service leave liability for the 12 months since July 2025.

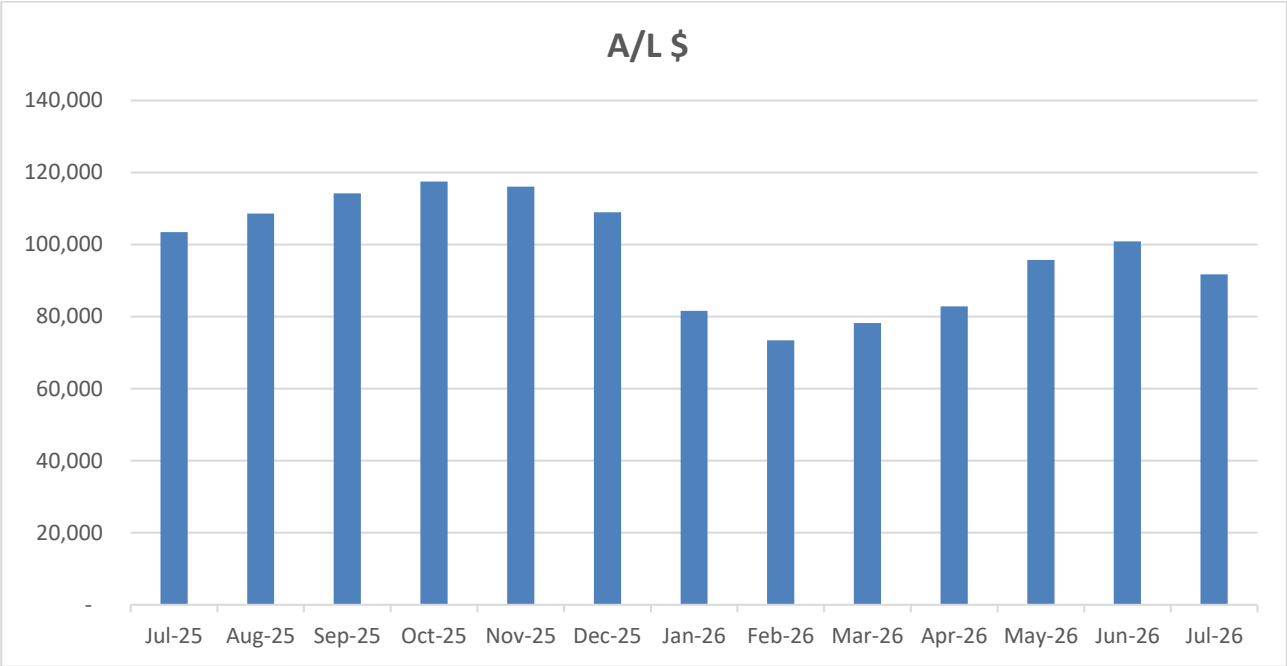
The following table and graphs show the fluctuations in the accrued hours and dollar values of both annual leave and long service leave over the period of July 2025 to July 2026.

	LSL Hours	LSL $	A/L Hours	A/L $
July 2025	494	33,716	2.451	103,482
August 2025	494	33,716	2,475	108,599
September 2025	494	33,716	2,585	114,201
October 2025	494	33,716	2,655	117,548
November 2025	160	11,303	2,598	116,052
December 2025	160	11,303	2,399	108,944
January 2026	160	11,303	1,791	81,570
February 2026	160	11,303	1,621	73,464
March 2026	160	11,303	1,725	78,229
April 2026	160	11,303	1,808	82,813
May 2026	8.5	602	2,094	95,762
June 2026	8.5	602	2,175	100,856
July 2026	8.5	602	1,995	91,766




LSL $*
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
Jul-25
Aug-25
Sep-25
Oct-25
Nov-25
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26


A/L Hours
3,000
2,500
2,000
1,500
1,000
500
-
Jul-25
Aug-25
Sep-25
Oct-25
Nov-25
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26


A/L $
140,000
120,000
100,000
80,000
60,000
40,000
20,000
-
Jul-25
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Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
May-26
Jun-26
Jul-26

7.4 Risk Management Dashboard August 2026

Responsible Officer Nic Warren, Chief Executive Officer

Reporting Officer Tricia Brown, Executive Manager, Corporate Services

Attachments 1. Attachment (i) Risk Management Dashboard ⇩

Voting Requirements Simple Majority

Disclosure of Interest Reporting Officer: Nil

Responsible Officer: Nil

OFFICER RECOMMENDATION

That the Audit, Risk & Improvement Committee recommend to Council that Council receive the Risk Management Dashboard - Attachment [i].

IN BRIEF

The Risk Management Dashboard is being submitted to the Audit, Risk & Improvement Committee as per the Risk Register.

MATTER FOR CONSIDERATION

That the Audit, Risk & Improvement Committee recommend to Council to receive the Risk Management Dashboard and any updates.

BACKGROUND

The Shire of Quairading Council recognises that Risk Management is an integral part of good governance and management practice.

The new Risk Register reflects a more organised, detailed and resource-oriented approach, consolidating related risks and enhancing clarity in risk management and mitigation strategies.

Based on the risk ratings provided in the Risk Register Matrix the dashboard reports on identified risks on the following:

1. Risk # 1, Workforce Challenges and Skills Shortage
2. Risk # 2, Power Supply Reliability and Emergency Response
3. Risk # 3, Road and Infrastructure Maintenance
4. Risk # 4, Community Health & Safety Risks
5. Risk # 5, Healthcare Service Stability
6. Risk # 6, Natural and Man-Made Disasters
7. Risk # 7, Financial Viability and Asset Management
8. Risk # 8, Cybersecurity and Data Protection
9. Risk # 9, Organisational Misconduct
10. Risk # 10, Housing Availability and Affordability

11. Risk # 11, Social Challenges and Community Expectations

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Work Health & Safety Act 2020

Local Government (Administration) Regulations 1996

Local Government (Audit) Regulations 1996

POLICY IMPLICATIONS

Risk Management Policy

Work Health & Safety Policy

FINANCIAL IMPLICATIONS

There are no financial implications with the review and update of this document.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.3 **Governance & Leadership**: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

5.4 **Governance & Leadership**: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Risk management Workshop with Council and the Executive Management Team.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

3.1 Governance, Financial and Compliance Risks: Financial Viability and Asset Management

3.2 Governance, Financial and Compliance Risks: Cybersecurity and Data Protection

3.3 Governance, Financial and Compliance Risks: Organisational Misconduct

1.1 Infrastructure and Operational Risks: Workforce Challenges and Skills Shortage

1.2 Infrastructure and Operational Risks: Power Supply Reliability and Emergency Response

1.3 Infrastructure and Operational Risks: Road Infrastructure and Maintenance

2.1 Community Health and Safety Risks: Workplace Health and Safety Compliance

2.2 Community Health and Safety Risks: Healthcare Service Stability

2.3 Community Health and Safety Risks: Natural and Man-Made Disasters

4.1 Strategic, Social and Economic Risks: Housing Availability and Affordability

4.2 Strategic, Social and Economic Risks: Social Challenges and Community Expectations

RISK ASSESSMENT

	Option 1
Financial	Low *There are no financial implications regarding reviewing this Risk Management Dashboard.*
Health	Low *This Risk Management Dashboard aligns with the Shire's overarching Risk Management documents, showing the Shire's commitment to risk mitigation, which encompasses staff, Councillors, contractors, visitors and the public's safety.*
Reputation	Low *Having a well aligned Risk Management Governance Framework is essential to ensure a cohesive and comprehensive approach to Risk Management.*
Operations	Low *This Risk Management Dashboard needs to be reviewed biennially.*
Natural Environment	Low

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

The Risk Management Dashboard will continue to be reported to the Audit, Risk & Improvement Committee and Council 4 times per year.

The Risk Management Dashboard is designed to update the Audit, Risk & Improvement Committee on current operational actions being taken by EMT and their business units.

Actions are continually being undertaken to mitigate levels of acceptable risk, whether through planning, allocation of resources, training or identifying risks.

THEME 1 - Infrastructure and Operational Risks
Workforce Challenges and Operational Risks

Risk Context 1

Workforce challenges, including an inability to source sufficiently skilled new employees and high staff turnover, pose signifant risks to the Shire. These issues have the potential to negatively impact current Shire operations, hinder program delivery, and increase stress on existing employees, leading to reduced service quality and operational efficiency.
As one example, the employment of un-or-underqualified Shire personnel (e.g in technical services) has the potential to create major WHS consequences.

Impact (Consequences)	
1. Core Operations Impacted: Disruption to Shire business and less effective service delivery.	5. Employee Wellbeing: increased burnout, low staff morale, and poor 'Corporate Memory' and knowledge retention.
2. Community Resilience and sustainability threatened, potentially leading to population decline.	6. Limited pool of suppliers and inability to control contractor pricing.
3. Reputational Damage: Negative outcomes affect community trust.	
4. Legal Penalties (e.g for WHS breach).	

Risk Management/Mitigation Actions	Type	Date	Rating	Control owner
1. Implement a comprehensive Workforce Plan inclusive of;				
Employee Retention: Implement a retention scheme with associated benefits and incentives	Preventative	Jun-27	***Adequate***	EMT
Strategic Recruitment: Develop 'pursuasive' staff recruitment and induction process	Preventative	Jun-27	***Adequate***	EMT
Professional Development: Undertake training and development planning to enhance staff skills and job satisfaction	Preventative	Jun-27	***Effective***	EMT
Succession and Leadership Planning: Create a clear pathway for career progression and promote from within where able	Preventative	Jun-27	***Adequate***	EMT
2. Promote work flexibility and positive organisational culture.				EMT
Work Flexibility: Promote to accommodate diverse needs and improve work-life balance	Preventative	Jun-27	***Effective***	EMT
Positive Representation: Foster a culture of respect for staff during community engagements to enhance the Shire's reputation and boost employee morale	Preventative	Jun-27	***Effective***	EMT
		Overall Control Ratings:	***Adequate***	

Risk Identified/Actions	Due Date	Responsibility
The Workforce Plan was adopted by Council however further gaps have been identified in personnel requirements and further changes are required. Changes to be implemented following adoption of the 26-27 Budget	Aug-26	CEO/EMT
Succession planning for EMT is considered a moderate risk where some tasks can not be completed by internal personnel - Further internal training is required	Jun-27	EMT
Records Management is highlighted as a major area of concern - New ERP system being investigated to support better records management	Jun-27	EMCS
LGIS Prevention and Wellbeing Program provides workshops to staff to help increase physical, mental, social and financial health and wellbeing.	Ongoing	MOG
2026/2027 Budget includes a 4% Salary Sacrifice Council Matching Superannuation scheme as further incentive to retain staff.	Ongoing	EMCS
Retain the employee assistance program provided by *acaciaeap* to continue to support staff.	Ongoing	MOG
Traineeship to cover Maternity Leave is proving successful providing a community member with the opportunity to train in a Cert III in Local Government. Continue to look at continued training opportunities for staff.	Ongoing	EMCS/MG

Consequence Category	Risk Ratings	Rating
Financial	***Consequence:***	*Major (4)*
	Likelihood:	*Likely (4)*
	Overall Risk Ratings:	***High***

Comments

Succession planning is limited due to lack of local workforce and difficulty attracting correctly skilled workers. Senior Leadership Team established to grow leadership knowledge for future Executive Manager Acting positions.

Recent discussions with EMT and substantive CEO have resulted in further changes required to the Workforce Plan to better support the gaps identified in the workplace structure. Implementation of a Building Maintenance Officer to better support Asset Management service delivery, Regulatory Services Officer and a Depot Operations Manager.

Power Supply Reliability and Emergency Response

Risk Context 2

Power Supply Reliability and Emergency Response
Mains power supply failures and ongoing unreliability pose significant risks to the Shire, potentially resulting in the loss of critcal emergency communications, and substantial disruptions to local businesses. Issues could compromise public safety during emergencies and, more generally, lead to economic loss accross the community.

Impact (Consequences)

Emergency Management: Severley compromises the ability to control emergency situations and maintain communications. Impacts include delayed response times and impaired co-ordination among emergency services.	Critical Services distrupted: Includes fuel supply, electronic payments, refrigeration and medical equipment.
Public Safety: Significantly threatens community safety, particularly during emergencies.	Economic Development: Acts as a disincentive for new businesses to establish in the Shire.
Evactuation Capabilities: Hampers required evacuation efforts, potentially leaving the most vulnerable in the local population at risk.	Infrastructure Reliability: Undermines confidence, potentially affecting local investment and property values.
Busines Continuity: Causes immediate and longer-term impacts	

Risk Management/Mitigation Actions	Type	Date	Rating	Control Owner
1. **Microgrid Development:** Secure capital and operational funding to establish and operate a local microgrid. This system would provide reliability local energy sources and battery technology	Detective	Jun-27	***Inadequate***	CEO
2. Emergency Communications Resilience: Work to future-proof communication systems where possible, particularly through the implementation of Uninterruptable Power Supply (UPS) solutions. This strategy ensures the critical communication channels remain operational during power outages, maintaining public safety and response/co-ordination capabilities	Detective	Jun-27	***Adequate***	EMT
3. Government Advocacy: To address the root cause of the power supply issues at a systemic level, actively lobby both government and opposition parties for more reliable power service	Detective	Jun-27	***Inadequate***	CEO
4. Strategically place generators around the town	Detective	Jun-27	***Effective***	EMWS
		Overall Control Ratings:	***Adequate***	

Risks Identified/Actions	Due Date	Responsibility
Develop a confirmed ideal solution to solve long-term power supply issues in this community to place Shire in best position for negotiating on project planning and delivery	Ongoing	Council/CEO
Seek Grant Funding where available	Ongoing	CEO/EMT
Continue talks with Western Power and the liklihood of the BESS system being brought to the forefront of the Minister again	Ongoing	COUNCIL/CEO
Continue to work with Western Power to focus on strengthening resilience in the local network. By reinforcing the network infrastructure it is enhancing reslilience to weather events.	Ongoing	CEO
Continue discussions with Wallis Computers to provide a 3 way failover service for the Shire. It currently has a 2 way failover method between Crisp Wireless and a Telstra 4G redundnacy option. Including another service like Starlink will provide a reliable fail over connection in times of disaster or during extended power outage that will have significantly higher connectivity other than 'land based' solutions	Jun-27	EMCS

Consequence Category	Risk Ratings	Rating
Service Interruption	***Consequence:***	*Extreme (5)*
	Likelihood:	*Almost Certain (5)*
	Overall Risk Ratings:	***Extreme***

Comments

CEO has implemented membership to a WEROC to improve State and Federal Government advocacy.

Discussions between CEO and Western Power are continuing

Road & Infrastructure Maintenance

Risk Context 3

If routine maintenance and timely construction of Shire roads, bridges and other key infrastructure are not completed to standard requirements, public safety dangers and other negative outcomes are probable.
The Shire has noted, for example, that materials for road building are becoming more marginal which affects the strength ratio

Impact (Consequences)

Personal and/or public liability impacts (up to $1m fine and/or 20 years in prison	4. Dissatisfied community/ratepayers
Increased injury and fatality	5. Negative reputational outcomes/lawsuits
3. Dimished access to properties- impacts on farm operations and productivity	

Risk Management/Mitigation Actions	Type	Date	Rating	Control owner
1. Safety & Compliance:				
Retain core focus on 'safety first'	Preventative	Jun-27	***Effective***	EMCS
Conduct internal WHS Audit	Detective	Jun-27	***Inadequate***	EMWS
Ensure machine and plant operators are sufficiently qualified	Detective	Jun-27	***Effective***	EMWS
2. Financial Management:				
Institute strong cost management (e.g materials/contractors)	Preventative	Jun-27	***Adequate***	EMWS
Source additional external grant funding for new roads	Preventative	Jun-27	***Adequate***	CEO/EMWS
2. Operational Efficiency				
Respond to external feedback	Preventative	Jun-27	***Effective***	CEO/EMWS
Implement immediate risk mitigation measures (eg. Barriers, signage) when risks can't be immediately eliminated	Preventative	Jun-27	***Effective***	EMWS

Overall Control Ratings:	***Effective***

Risks Indentified/Actions	Due Date	Responsibility
Level 1 Bridge Inspections completed annually and submitted to Main Roads	Annually	EMWS
Commence planning work for the Forward Capital Works Plan 2025-2030	Aug-26	EMWS
Prepare draft Pathways Plan (for footpaths and shared pathways)	Jun-27	EMWS
Conduct second WHS Audit (LGIS Action Plan)	Dec-26	EMWS/LGIS RRC
Implement regular WHS meetings and reviews following the appointment of the WHS Officers from both administration and depot	Dec-26	EMWS/LGIS RRC

Consequence Category	Risk Ratings	Rating
Reputation, Financial	***Consequence:***	*Extreme (5)*
	Likelihood:	*Likely (4)*
	Overall Risk Ratings:	***Extreme***

Comments

Forward Capital Works Plan planning continues to progress. Staff have a good understanding of roads, drainage and footpaths. Significant work has commenced on understanding our building and infrastructure assets. Staff now have acess to Asset Valuer Pro with formal training on the program being conducted on the 11th, 12th and 13th August.

Funding opportunities have been announced for the Active Transport Fund providing for the upgrade of existing, and construction of new bicycle and walking pathways accross Australia. Applications opened 1st August 2026.

Culvert assessments are currently being carried out accross the Shire following degredation of the timber beams on Cubbine Road culvert.

THEME 2 - Community Health and Safety Risks
Workplace Health & Safety Compliance

Risk Context 4
Non-compliance with workplace health and safety legislation, including the Work Health & Safety Act 2020 and Fair Work Act 2009, has the potential to detrimentally affect Shire functioning. The new WA Work Health & Safety legislation introduces additional challenges, including in managing Bushfire and VFRS Brigades, potentially increasing the risk of WHS breaches for the Shire.
Mismanagement of employee wellbeing, harassment, bullying, and safety breaches in employment practices directly affect workplace health and safety, potentially leading to increased WHS claims.

Impact (Consequences)	
1. Legal and Financial Consequences	**3. Safety and Operational Impacts:**
Personal and/or public liability (up to $1M fine and/or 20 years in prison).	Death or permanent injury.
Severe legal penalties and financial losses/fines.	Community safety diminished.
2. Reputational Damage:	Bushfire and VFRS Brigades become increasingly marginal operationally (i.e., via increased compliance, safety training and reporting requirements).
Negative outcomes leading to lawsuits and dissatisfied community/ratepayers	

Risk Management/Mitigation Actions	Type	Date	Rating	Control Owner
1. Governance & Reporting				
Council to maintain strong oversight of Risk Management documents	Preventative	Jun-27	***Effective***	EMCS
CEO and CESM to report monthly to Council on risk mitigation and elimination strategies.	Preventative	Jun-27	***Inadequate***	CEO/CESM
2.Safety and Compliance				
Retain core focus on 'safety first'	Preventative	Jun-27	***Effective***	EMT
Conduct internal WHS Audit	Preventative	Jun-27	***Effective***	EMWS
Monitor and maintain registration and training requirements	Preventative	Jun-27	***Inadequate***	EMT
Enact a "no training, no fire ground" policy position	Preventative	Jun-27	***Effective***	CESM
3.Operational Efficiency				
Institute strong cost management (e.g., materials, contractors)	Preventative	Jun-27	***Adequate***	EMT
Ensure machine and plant operators are sufficiently qualified	Preventative	Jun-27	***Effective***	EMWS
4.Communication and Response				
Improve communications via new app software	Detective	Jun-27	***Adequate***	EMT
Respond to external feedback	Preventative	Jun-27	***Effective***	EMT
Implement immediate risk mitigation measures (e.g., barriers, signage) where risks can't be immediately eliminated	Detective	Jun-27	***Effective***	EMWS
		Overall Control Ratings:	***Adequate***	

Risks Identified/Actions	Due Date	Responsibility
The Risk Dashboard is reported with any updates quarterly to the Audit & Risk Committee and Council	Ongoing	EMCS
Lack of knowledge by staff of Fire Wardens - Training and drills required	Ongoing	CEO/EMT
Conduct a review of the current SMS software and template system used for emergency and hazard alerts. Whatsapp/Harvest Ban SMS system	Dec-26	CESM
Reduced maintenance on fire vehicles was identified by new CESM resulting in significant costs to budget in late 24/25 & 26 - These costs were supported and reimbursed by DFES and are now on an annual scheduled maintenance program to reduce the risk and support local business.	Ongoing	CESM

Consequence Category	Risk Ratings	Rating
Compliance / Reputation	***Consequence:***	*Extreme (5)*
	Likelihood:	*Almost Certain (5)*
	Overall Risk Ratings:	***Extreme***

Comments
CESM Recruitment underway with the Shire of Cunderdin. Memorial at Quairading Pool has sustained significant damage following previously identified cracks within the wall. The memorial is beyond repair and a risk to the community. Physical barriers have been put in place to isolate the surrounding zone to mitigate risk.

Healthcare Service Reliability

Risk Context 5

The Quairading Medical Practice faces significant challenges in maintaining consistent and affordable medical services due to potential loss of medical personnel and increasing operational costs, which could result in reduced healthcare access for the community.

Impact (Consequences)

1. Loss of local medical services, leading to:	Community dissatisfaction.
Increased travel burden for medical care.	Potential population decline.
Closure of allied health services (e.g., Pharmacy).	Economic impacts on local businesses.
2. Threats to community sustainability:	**3. Negative reputational outcomes for the Shire.**

Risk Management/Mitigation Actions	Type	Date	Rating	Control Owner
Keep costs for running the Medical Practice as cost-effective as possible (while maintaining service quality).	Preventative	Jun-27	***Inadequate***	EMCS/DOCTOR
Establish a second option practitioner for when the current practitioner (a) takes annual leave, or (b) eventually leaves (including list of locums/training GP/Nurse Practitioner).	Preventative	Jun-27	***Inadequate***	DOCTOR
Current Supply of Practitioner Agreement for a term of three years expiry 25 January 2027 + three-year option.	Preventative	Oct-26	***Effective***	CEO/EMCS/DOCTOR
Develop a long-term recruitment and retention strategy for medical professionals, including incentives and support for rural practice	Preventative	Jun-27	***Adequate***	CEO/EMCS/DOCTOR
Investigate telemedicine options to supplement in-person care and potentially reduce costs	Preventative	Jun-27	***Inadequate***	DOCTOR/CEO
		Overall Control Ratings:	***Adequate***	

Risks Identified/Actions	Due Date	Responsibility
Dr Yap meets as part of the Medical Executive Committee quarterly to discuss matters for the Medical Centre. Dr Yap presents the committee with his financial statements on a quarterly basis to provide transparent accounting of the Shire's annual allocation of funds.	Ongoing	CEO
Dr Yap is continually striving for improvement and is currently satisfied with his current staffing arrangements. A second doctor has been sourced and started in August 2026.	Aug-26	CEO
Allied health is continually being supported. New business 'The Clinic' providing chiropractic health within Quairading	Ongoing	CEO
The proposed Medical Centre Extension has not progressed. Funding sources are being explored.	Jun-27	CEO/EMED
Doctor Housing - Causing shortages in housing staff. Pharmacist is no longer housed by the Shire. Housing strategy needs to be considered for future options with staff housing, including asset management and age of housing.	Jun-27	CEO/EMED

Consequence Category	Risk Ratings	Rating
Compliance, Health, Reputational, Financial	***Consequence:***	*Extreme (5)*
	Likelihood:	*Possible (3)*
	Overall Risk Ratings:	***High***

Comments

During budget considerations for the 26/27 FY it was raised with Council for their consideration and discussion what the provision of Health Services are ultimately costing the Shire with the Doctor's contract. Is is sustainable based on a very small budget?

Natural and Man-Made Disasters

Risk Context 6
Natural and manmade disasters have the potential to affect Shire business continuity. Includes fire, flood, storm, earthquake, extreme heat, pandemic, chemical spill, terrorism.
Climate change has been recognised by the Shire, including the prevalence of extreme fire and other weather events.

Impact (Consequences)	
Loss of critical infrastructure.	Shire core business impacts
Injury and fatalities.	Businesses choose not to re-establish
High recovery costs.	Environmental degradation (e.g., drought, soil erosion)
Loss of business continuity,	Economic instability: generational farms are no longer workable

Risk Management/Mitigation Actions	Type	Date	Rating	Control Owner
Implement a Business Continuity Framework	Preventative	Jun-27	***Effective***	CEO/EMT
Local Emergency Management Arrangements – ensure current and tested through LEMC Exercises	Preventative	Jun-27	***Effective***	CEO/CESM
Review and update key hazard plans including Bushfire Risk Management Plan	Preventative	Jun-27	***Adequate***	CEO/CESM
Convene quarterly meetings with key agencies	Preventative	Jun-27	***Adequate***	CEO/CESM/LEMC
		Overall Control Ratings:	***Effective***	

Risks Identified/Actions	Due Date	Responsibility
Public consultation sought on the proposed amendments to state-level recovery arrangements in the State Emergency Management Policy, Plan & Procedure	Feb-25	CEO/CESM
National Fuel Security Plan implemented amid global disruptions to oil and gas supplies.	Ongoing	CEO
Fuel supply and pricing, removal of fuel excise will impact shire core business and has potential to impact the current budget and shire operations.	*Ongoing*	*CEO/EMT*

Consequence Category	Risk Ratings	Rating
Reputation	***Consequence:***	*Major (4)*
	Likelihood:	*Possible (3)*
	Overall Risk Ratings:	***High***

Comments
WhatsApp and bulk SMS system are utlised for disemination of information prior to and during an incident. BFAC and LEMC continue to meet regularly (3 x p.a). **CESM recruitment currently in progress following the resignation of John Idland** **Dept of Communities is storing >10 x bedding packs at rear of Town Hall for Evac Centre set up.**

THEME 3 - GOVERNANCE, FINANCIAL AND COMPLIANCE RISKS
Financial Viability and Asset Management

Risk Context 7
If the Shire is struggling to remain financially viable, the ability to comply with its Asset Management Plan may be compromised.

Impact (Consequences)	
Cost of managing ageing infrastructure becomes prohibitive.	Increased safety risk.
Creates degradation and loss of useful/useable assets.	Reduced ability to regenerate or create economic benefit across the Shire.

Risk Management/Mitigation Actions	Type	Date	Rating	Control Owner
Promote Quairading as a destination with a 'point of difference' (e.g., as Beverley has done).	Detective	Jun-27	***Effective***	CEO/EMED
Consider marketing campaigns for attracting new investors and residents into the Shire, including people seeking a 'tree change'.	Detective	Jun-27	***Effective***	CEO/EMED
Explore and promote quality affordable housing options, and lead by example	Detective	Jun-27	***Adequate***	CEO/EMED
Encourage light industrial activity and support small business ventures through flexible policies	Detective	Jun-27	***Effective***	CEO/EMED
Increase the rate-base through the above-mentioned strategies.	Preventative	Jun-27	***Effective***	EMCS
		Overall Control Ratings:	***Effective***	

Risks Identified/Actions	Due Date	Responsibility
Sales of land for Cuneata Rise and the Light Industrial Area are complete attracting new investors and residents to the Shire - this will also increase the Shire's ratebase.	Dec-26	CEO
Lack of Infrastructure maintenance planning has been identified. Asset Valuer Pro has been implemented as a full infrastructure asset program and asset condition reports are currently being completed by the works team. This should then help in the development of future budgets.	Dec-26	EMWS/TSO
Increase in fuel prices across contractors will impact the current budget, higher running costs for plant and possibly reduce scope on delivery of infrastructure projects	Ongoing	EMT/CEO
Increased operating and contractor costs pose a significant risk to increased rate revenue when determining the 26/27 Budget	Jun-27	EMT/CEO

Consequence Category	Risk Ratings	Rating
Environment, Reputation, Financial	***Consequence:***	*Extreme (5)*
	Likelihood:	*Possible (3)*
	Overall Risk Ratings:	***High***

Comments
Asset Valuer Pro will help provide an increased understanding of the current condition and future requirements of the Shire's Assets. This information can also help funding arragements and disaster recovery efforts.

Cybersecurity and Data Protection

Risk Context 8

Any data breach/hack of Shire information and communications technology systems has the potential to affect Shire operations - includes data theft, ransomware and phishing.

Impact (Consequences)	
Financial misappropriation/loss.	Shire business continuity significantly compromised.
Community member and/or employee financial records compromised or stolen.	Shire reputation impacted.
Loss of data and data integrity.	

Risk Management/Mitigation Actions	Type	Date	Rating	Control Owner
Develop and maintain Business Continuity and IT Disaster Recovery Plans	Preventative	Feb-27	***Effective***	CEO/EMCS
Implement robust IT security measures (e.g., firewalls, access controls, UPS/backup systems	Preventative	Jun-27	***Effective***	EMCS
Conduct regular security audits and recovery exercises	Preventative	Jun-27	***Adequate***	EMCS
Provide staff cybersecurity awareness training	Preventative	Ongoing	***Adequate***	EMCS
		Overall Control Ratings:	***Effective***	

Actions	Due Date	Responsibility
Our agreement with Readytech for the rollout of their ERP system has now been terminated and we are currently seeking reimbursement of costs already outlayed. The preferred option of Magic Software is currently being assessed by staff with demonstrations of their products being held over the next month.	Jun-27	EMCS/MOG
Review the ICT Disaster Recovery Plan in conjunction with Wallis	Dec-26	EMCS/CEO
Continue to offer Security Awareness Training for Staff (and Councillors). This will improve the knowledge of staff of security and emerging threats to the organisation.	Ongoing	EMCS

Consequence Category	Risk Ratings	Rating
Reputation / Compliance	***Consequence:***	*Major (4)*
	Likelihood:	*Likely (4)*
	Overall Risk Ratings:	***High***

Comments

Risk identified with illegitimate email - reported in Agenda

Organisational Misconduct

Risk Context 9
Unethical or illegal behavior by Shire employees, executives or office holders, including both financial and non-financial misconduct, has the potential to produce significant negative consequences for the Shire.

Impact (Consequences)	
Council suspension or leadership changes (e.g., CEO removal, employee terminations).	Reputational damage.
Independent investigations and regulatory actions (e.g., Fair Work Commission).	Financial penalties and economic impacts.
Intense public and media scrutiny.	Business continuity and viability challenges.

Risk Management/Mitigation Actions	Type	Date	Rating	Control Owner
1.Financial Controls and Processes				
Update cash handling procedures	Preventative	Jun-27	***Effective***	EMCS
Conduct financial management reviews and implement controls	Preventative	Jun-27	***Effective***	EMCS
2.Governance Frameworks				
Update the delegated authority framework	Preventative	Jun-27	***Effective***	CEO
Enhance the IT Security Framework.	Preventative	Jun-27	***Effective***	EMCS
3.Human Resource Management				
Revise the staff on-boarding/induction program	Preventative	Jun-27	***Adequate***	EMCS
Implement a performance management program	Preventative	Jun-27	***Effective***	EMT
Update HR Policies and Code of Conduct (for Council and staff)	Preventative	Jun-27	***Effective***	EMCS
4.Operational Safety				
Establish supervision and induction processes to use plant and equipment	Preventative	Jun-27	***Effective***	EMWS
External Oversight	Preventative	Jun-27	***Effective***	EMWS
Conduct regular external audits	Preventative	Jun-27	***Adequate***	EMWS
		Overall Control Ratings:	***Effective***	

Risks Identified/Actions	Due Date	Responsibility
Continual improvement in maintaining and recording seperation of duties	Ongoing	EMT/CEO
Increase compliance of record keeping systems and update Record Keeping Plan	Jul-27	CEO/MG/EMCS
Implementation of governance delegated authority program 'Attain' to improve governance framework and oversight	Ongoing	EMT/CEO/MOG

Consequence Category	Risk Ratings	Rating
Financial / Property	***Consequence:***	*Extreme (5)*
	Likelihood:	*Almost Certain (5)*
	Overall Risk Ratings:	***Extreme***

Comments
Training undertaken by staff initiated by the CCC - Report in Agenda

THEME 4 - STRATEGIC SOCIAL AND ECONOMIC RISKS
Housing Availability and Affordability

Risk Context 10

Seniors and Aged Care: Absence of aged local independent living facilities may force older residents to leave prematurely, disrupting community cohesion.
Essential Worker Housing: Insufficient housing for government workers and Western Australian Country Health Service staff can hinder recruitment and retention.
Public and Community Housing: Limited public housing options may increase housing stress for low-income individuals, leading to potential homelessness.

Impact (Consequences)	
1.Low property resale values and return on investment undermine community sustainability.	Reduced local spending.
2.Population decline due to:	**4.Threats to community viability**
Higher outward migration and lower inward migration.	Loss of professional and community-based services.
Workforce reduction.	Weakening of community fabric.
Residents forced to relocate due to housing shortages.	Potential loss of local infrastructure.
3. Economic impacts:	
Impeded economic growth.	

Risk Management/Mitigation Actions	Type	Date	Rating	Control Owner
Lead by example, explore and promote quality affordable housing options including joint venture options for the construction of Aged Residential Independent Living Units (ILUs).	Detective	Jun-27	***Adequate***	CEO/EMED
Noting that the Shire does not have 50% of the total cost of the project to contribute to a grant/tender application under the Housing Support Program, explore options with bespoke groups i.e., Central East Accommodation & Care Alliance Inc (CEACA	Detective	Jun-27	***Adequate***	CEO/EMED
Promote Quairading as a destination with a 'point of difference' (e.g., as Beverley and Katanning have done	Detective	Jun-27	***Effective***	CEO/EMED
Consider marketing campaigns and other strategies for attracting new investors and residents, including people seeking a 'tree change'	Detective	Jun-27	***Effective***	CEO/EMED
		Overall Control Ratings:	***Adequate***	

Actions	Due Date	Responsibility
Develop a Housing Strategy	Jun-27	EMT
Maintain CEACA Membership - Council has budgeted $15,000 for the 2025/2026 Year to become a full member of CEACA	Ongoing	CEO/EMED
Identify any risks associated with bringing Social Housing to Quairading	Ongoing	CEO/EMED

Consequence Category	Risk Ratings	Rating
Reputation	***Consequence:***	*Major (4)*
	Likelihood:	*Almost Certain (5)*
	Overall Risk Ratings:	***Extreme***

Comments

Council resolved to continue with CEACA. Land to be gifted.
Council resolved to Join WEROC.
CEO to develop Housing Business Case and Housing Town Plan

Social Challenges and Community Expectations

Risk Context 11
Social challenges (e.g., crime, antisocial behavior, vandalism, housing crisis, homelessness) may significantly impact ratepayers' expectations of the Shire's responsibilities and perceived effectiveness.
Misalignment between community expectations and Shire jurisdiction could lead to reputational damage, resource pressure, and potential conflict.

Impact (Consequences)	
Disgruntled ratepayers and reputational damage.	Difficulty attracting new residents/businesses.
Blame towards staff and Council Members.	Strained community relationships and social cohesion.
Diminished service outcomes and increased pressure on resources.	Increased demand for social services beyond Shire capacity/jurisdiction.
Higher rates payment defaults and debt collections.	

Risk Management/Mitigation Actions	Type	Date	Rating	Control Owner
Develop and implement a community engagement & communications strategy to better understand ratepayers' expectations.	Detective	Jun-27	***Effective***	CEO/EMED
Hold at least two community forums each year.	Detective	Jun-27	***Effective***	CEO/EMED
Establish clear guidelines on the Shire's responsibilities and limitations regarding social issues, and communicate these effectively.	Detective	Jun-27	***Adequate***	CEO/EMED
Maintain healthy relationships with government agencies, funding bodies and WALGA.	Preventative	Jun-27	***Adequate***	CEO
Prioritise grant writing and winning.	Preventative	Jun-27	***Effective***	CEO/EMED
Continue focus on social media messaging while retaining hard copy dissemination for older generations.	Preventative	Jun-27	***Effective***	EMED
Formalise regular contributions to the Banksia Bulletin and Passion Sheet with Shire update and Shire President Message	Preventative	Jun-27	***Effective***	EMED
		Overall Control Ratings:	***Adequate***	

Actions	Due Date	Responsibility
Maintain transparency on Shire's project and budget development via Community Forum meetings	Ongoing	EMT
Monthly Banksia Bulletin news updates including a foreward from the Shire President	Monthly	EMED
Regular Social Media updates on general news, announcements, events, ranger update and important community related information.	Weekly	EMED
Maintain hard copy information of important updates and documents for older generations with limited computer access.	Weekly	EMED
Source and apply grant funding for events and projects including bolstering projects already included in annual budget	Monthly	EMED
Weekly Passion Sheet notices when appropriate.	*Weekly*	EMED

Consequence Category	Risk Ratings	Rating
Service disruption	***Consequence:***	*Moderate (3)*
	Likelihood:	*Likely (4)*
	Overall Risk Ratings:	***High***

Comments
EMT asknowledges low community attendance at Forums so suggests a revised strategy next Annual Electors Mtg. to encourage community interest and engagement.

7.5 Notifying Misconduct Workshop

Responsible Officer	Nic Warren, Chief Executive Officer
Reporting Officer	Tricia Brown, Executive Manager, Corporate Services
Attachments	1. Attachment (i) Notifying Misconduct Guide ⇩
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil Responsible Officer: Nil

On the 23rd June 2026 staff attended the Misconduct Prevention – Spotting and Responding to Red Flags Local Government workshop facilitated by the Public Sector Commission's Integrity Promotion and Review Team.

Staff were provided with a guide for Principal Officers of notifying authorities which provided more information in relation to what constitutes minor or serious misconduct, and some practical advice on when to notify based on reasonable suspicion.

The guide is attached for your reference – Attachment (i)

WESTERN AUSTRALIA

PSC Public Sector Commission

CCC Corruption and Crime Commission

Notifying misconduct

A guide for Principal Officers of notifying authorities

August 2018



PSC Public Sector Commission

CCC Corruption and Crime Commission

Introduction

This guide has been issued by the Corruption and Crime Commission (CCC) and Public Sector Commission (PSC) to provide Principal Officers with important information about:

- their obligations under the *Corruption Crime and Misconduct Act 2003* (the CCM Act);
- practical information about what should be contained in a notification; and
- steps that public authorities should take in processing allegations of misconduct raised with or within the authority.

This document supersedes the *Notification of misconduct in Western Australia: A joint information resource* and also revokes the *CCC Guidelines for Notification of Serious Misconduct* (the Guidelines) issued under the CCM Act, section 30, on 1 July 2015.

The revocation of the Guidelines removes the categories of serious misconduct, with notifications to be made as soon as reasonably practicable.

Who has a duty to notify?

A duty to notify arises when the Principal Officer acting in their official capacity suspects, on reasonable grounds, that a matter concerns or may concern either serious or minor misconduct.

The Principal Officer of a notifying authority must notify the appropriate agency of suspected serious or minor misconduct as soon as reasonably practicable after becoming aware of the matter.

Principal Officer is defined in the CCM Act, section 3 and may include the Chief Executive Officer or Chief Employee of a department or organisation, or a specified person holding the office of Principal Officer.

What does 'suspicion on reasonable grounds' mean?

'Suspicion on reasonable grounds' is not a high threshold. It means a Principal Officer has formed a suspicion of the existence of serious or minor misconduct after making an assessment that is fair, sensible and based on sound judgment.

Information about the alleged misconduct does not have to be in the direct knowledge of the Principal Officer, who should give consideration to the reliability of the information sources.

Suspicion on reasonable grounds requires some factual basis but does not require definitive proof, it merely requires a stronger level of knowledge than mere speculation, rumour, gossip or innuendo.

What is serious misconduct?

Serious misconduct is conduct by a public officer who:

- acts corruptly or corruptly fails to act in the course of their duties; or
- corruptly takes advantage of their office or employment to obtain a benefit or to cause a detriment to any person; or
- acting in the course of their duties or while deliberately creating the appearance of acting in the course of their duties, commits an offence punishable by two or more years imprisonment.

Corrupt conduct tends to show a deliberate intent for an improper purpose or an improper motivation.

Corrupt conduct may involve an exercise of a public power or function but for private benefit. It may involve conduct such as the deliberate failure to perform the functions of office properly, or the exercise of a power or duty for an improper purpose.

For the types of criminal offences that may amount to serious misconduct, please refer to Schedule 1 on pages 6 and 7 of this publication.

What is minor misconduct?

Minor misconduct is actually not that minor.

To meet the test under the CCM Act definition, the misconduct should be so significant that, if proved, it could reasonably lead to termination of a public officer's employment.

Minor misconduct is conduct by a public officer that:

- adversely affects the honest or impartial performance of the functions of a public authority or public officer, whether or not the public officer was acting in their official capacity at the time of engaging in the conduct;
- involves the performance of functions in a manner that is not honest or impartial;
- involves a breach of the trust placed in the public officer; or
- involves the misuse of information or material that is in connection with their functions as a public officer, whether the misuse is for the benefit of the public officer or the benefit or detriment of another person;

  and
- constitutes, or could constitute, a disciplinary offence providing reasonable grounds for termination of a person's office or employment.

What is not misconduct?

Matters that are outside of the definitions of either serious or minor misconduct do not need to be notified to the CCC or the PSC.

Matters of general low-level discipline, misbehavior or employee relations issues are outside the definitions of serious and minor misconduct and are to be managed by individual employing authorities.

Examples could include general human resources and performance management issues, grievances around employee relationships and minor infractions of policies and procedures.

However, records of such matters should be retained for internal monitoring and for reporting to the PSC on an annual basis.

Public authorities may also be subject to periodic compliance assessments on their management arrangements for misconduct generally.

PSC Public Sector Commission CCC Corruption and Crime Commission

Who is a public officer?

Only public officers are within the CCC's and PSC's jurisdiction. A full definition of the term 'public officer' is found in the *Criminal Code Act 1913*, section 1.

The term 'public officer' includes all public sector employees; members of government boards and committees; local government elected officials and employees; employees of public universities; employees of public utilities and some volunteers.

It should be noted that only the CCC has jurisdiction over Western Australia Police Force officers and elected members of Local Governments.

Allegations of serious misconduct against elected members of Local Governments, and both serious and minor misconduct allegations against Western Australia Police Force officers, must be directed to the CCC.

How do I make a notification?

Notifications must be made in writing and, where possible, electronically.

Serious misconduct		Minor misconduct	
Online	Using the online form at www.ccc.wa.gov.au	**Online**	Using the online form at www.wa.gov.au
Email	info@ccc.wa.gov.au	**Email**	minormisconduct@psc.wa.gov.au
Post	PO Box 330, NORTHBRIDGE WA 6865	**Post**	Locked Bag 3002, WEST PERTH WA 6872

Do not notify both agencies as this will cause unnecessary duplication and effort.

If the CCC or the PSC assesses the matter differently to the public authority, referral powers in the legislation will be used to direct the matter appropriately and advise the principal officer of reasons for that referral.

Where a matter includes both serious and minor allegations that are directly related or cannot be separated, notify the CCC.

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What information should a notification contain?

The CCC and PSC recognise that it is not always practicable to provide all the required information at the time of initial notification.

However, the notification should contain as much of the following information as possible.

Details of the person(s) involved:

- the name of the Principal Officer, details of the relevant business unit(s) or public authority affected and where applicable the nominated contact person;
- the name and position of the public officer against whom the allegation is made;
- any previous history of misconduct allegations against the public officer(s) and the outcome(s) of any investigations (if known); and
- the name(s) of any person(s) who witnessed and/or are affected by the alleged serious or minor misconduct.

Details of the matter(s):

- the date the allegation became known to the Principal Officer;
- a summary of the allegation(s) (include date(s), location, value of any goods / property loss, and risk or danger to any person or the public); and
- explanation / rationale of why allegations are considered to fall within the scope of serious or minor misconduct identifying which subsection of the CCM Act Section 4 is relevant.

Actions by the notifying authority:

- provide details of any assessment made or preliminary enquiries undertaken;
- describe any action being taken, or proposed actions or processes (for example, disciplinary decisions or sanctions); and
- provide details of relevant policies and procedures, including supporting procedures and any supporting documents, electronic records or data (for example, relevant correspondence, CCTV footage or statements taken).

General obligations

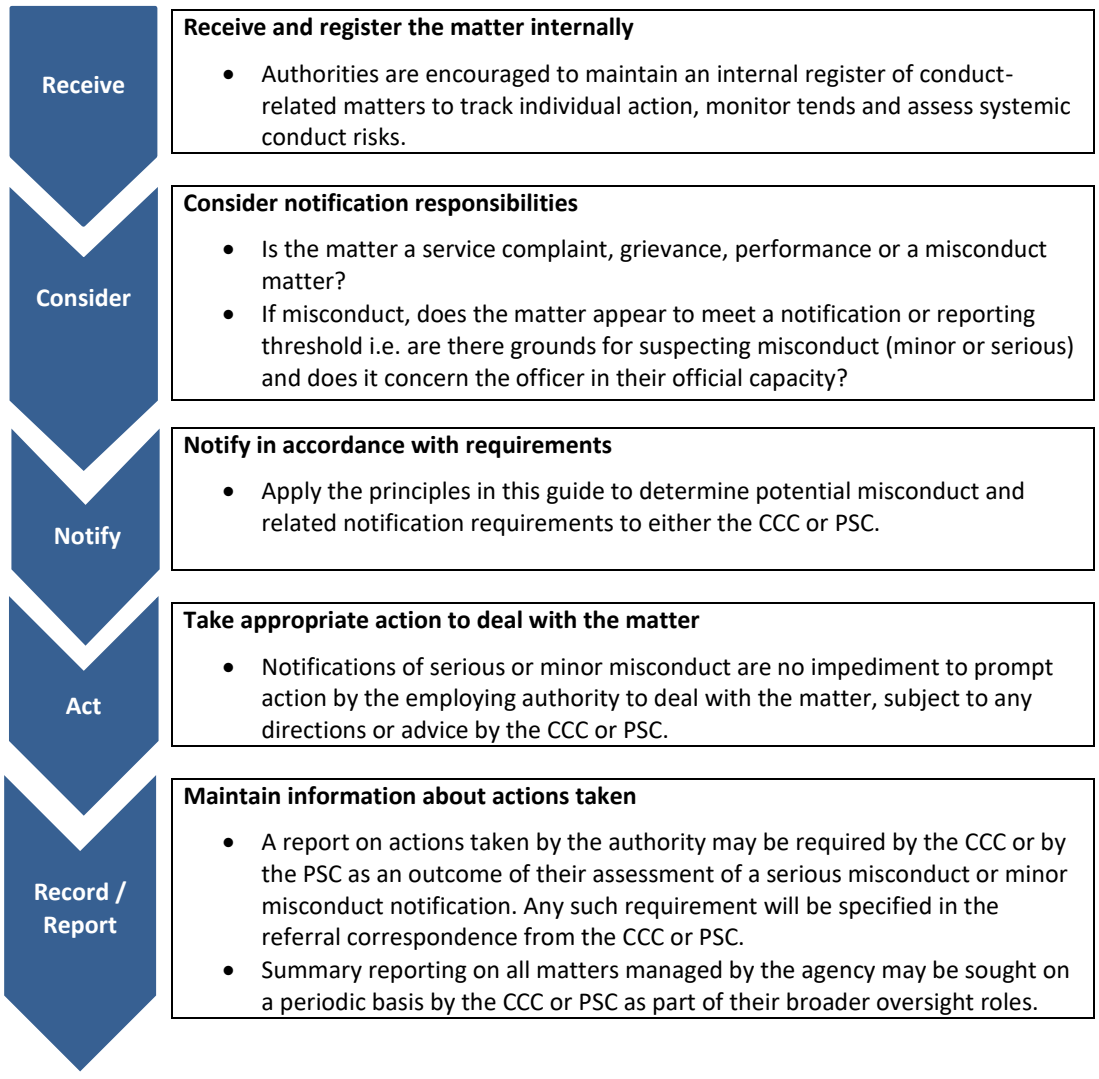
The duty to notify the CCC of serious misconduct or the PSC of minor misconduct does not affect any obligations under the *Public Interest Disclosure Act 2003* or the requirement to comply with statutory obligations under any other Act, including reporting allegations to the WA Police Force.

If a Principal Officer does not comply with the duty to notify a matter relating to serious misconduct to the CCC, or a matter relating to minor misconduct to the PSC, the relevant Commission may report the non-compliance to a person who, or body which, has the power to take disciplinary action against the notifying authority.

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Making it work

The following diagram summarises the steps that public authorities should take in processing allegations of misconduct raised with or within the authority.



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Schedule 1

Offences that may constitute serious misconduct

Serious misconduct includes conduct by a public officer who, in the course of their duties, commits an offence that imposes a penalty of 2 or more years imprisonment.

The following is a guide to some of the offences that meet this criterion. However, it is not an exhaustive list. Please refer to the *Criminal Code Act 1913*.

Act	Description	Section(s)
Criminal Code Act Compilation Act 1913 (WA)		
Offences against public order	Racist harassment, incitement to racist harassment	Sections 77 - 80D
Offences against the administration of law, justice and public authority	Disclosing official secrets, bribery, corruption, falsification of records, perjury, electoral offences, giving false evidence, conspiracy to pervert the course of justice, destroying evidence, escape from lawful custody	Sections 81 - 83, 85 - 88, 96, 121 - 125, 127 - 136, 139, 141 - 151
Other offences against public authority	False statements, obstructing a public officer, refusing to perform a duty	Sections 169 - 173
Sexual offences and child exploitation	Producing, possessing or distributing child exploitation material, sexual offences including indecent assault, rape, sexual servitude	Sections 181, 186 - 187, 190 - 192, 199, 202 - 204B, 214 - 215, 217 - 220, 320 - 330, 331B - 331D
Criminal organisation offences	Participating in activities of criminal organisation	Sections 221E - 221F
Offences against liberty and threats	Kidnapping, deprivation of liberty, threats with intent, create false apprehension of threat, demands with threats, threats to extort, producing acts by threat with intent to defraud	Sections 332 - 333, 336 - 337, 338A - 338C

Stealing and like offences	Stealing, concealment, fraudulent dealing, robbery, burglary, fraud, receiving/possession stolen property, acts with intent to defraud (director), false statement or falsification of record (company official)	Sections 378 - 386, 388 - 390A, 392 - 393, 396 - 399, 401, 407, 409, 414, 416 - 417A, 419 - 421, 424
Unauthorised use of computer systems	Unlawful use of computer systems	Section 440A
Offences against property	Damaging property, acts with intent to cause damage or explosion (mine, railway, aircraft, marine, navigation)	Sections 445, 449, 451 - 451B, 454 - 458
Forgery and identity crime	Forgery, false representations as to status, personation	Sections 473 - 474, 488, 490 - 492, 510 - 514
Offences relating to trade, breach of contract, corruption	Fraudulent dealings, corruptly receiving reward, corruptly offering reward, false receipts, secret commissions, acting without authority	Sections 527, 529 - 532, 533 - 536
Conspiracy, accessories after the fact	Attempting/incitement to commit indictable offence or criminal act, conspiracy to commit indictable offence, accessory after the fact, property laundering	Sections 552 - 553, 556 - 558, 562, 563A - 563B
Misuse of Drugs Act 1981		
Drugs offences	Occupier permit use of premises for manufacture of prohibited drug/plant, possess, cultivate or sell/supply prohibited drug/plant, sell drug paraphernalia to a child, trafficking, manufacture or supply prohibited drug	Sections 5, 6, 7(1)(a), 7(1)(b), 7B(4)

ITEM 8 STANDING ITEMS – RISK MANAGEMENT REPORTS AND ISSUES

8.1 Illegitimate Email

Responsible Officer	Nic Warren, Chief Executive Officer
Reporting Officer	Tricia Brown, Executive Manager, Corporate Services
Attachments	Nil
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil Responsible Officer: Nil

A staff member received an email that appeared to be from the CEO requesting payment of an invoice. The staff member opened the email, found the invoice was not attached and responded to the email to request the supposed attached invoice, once received the staff member proceeded to create the creditor in the finance system using the details provided.

In doing so, the staff member did not follow the established procedure requiring new creditor details to be independently verified through EFTSure before being entered into the system. This bypassed a key control designed to prevent fraudulent payments arising from business email compromise or invoice fraud.

Risk Assessment

The incident exposed the organisation to the risk of business email compromise and fraudulent payment. By bypassing the mandatory EFTSure verification process, a key financial control designed to validate new creditor banking details was not applied.

Potential risks included:

- A fraudulent creditor was established in the finance system.
- Payment could have been made to an unauthorised bank account, resulting in financial loss.
- The organisation may experience reputational damage and increased audit or compliance findings due to non-compliance with established financial controls.

At the time of the incident, the risk was contained because the deviation from procedure was identified before any unauthorised payment was made. However, the incident demonstrates that existing controls can be circumvented if procedures are not consistently followed.

Corrective Actions

Immediate actions:

EMCS reviewed the email to determine whether it was a phishing or business email compromise attempt and reported it to Wallis. Wallis was immediately engaged to review and check the system.

Response from Wallis:

TICKET #T20260623.0036: SPAM EMAIL

Hi [redacted]

I can confirm that it was a Phishing email.

Everything's been reviewed and contained, and there's no harm done on the Shire's side.

Quick summary:

- The email was a Business Email Compromise (BEC) / invoice fraud attempt, originating from a compromised mailbox in Hong Kong and spoofing Nic Warren's name. The attacker also pivoted to a second fake domain (thhptt.com) once [redacted] replied.
- Spoke to [redacted] — she confirmed she stopped engaging as soon as she realised it was fraudulent, and the payment was not processed.
- Reviewed [redacted] mailbox and sign-in logs — no suspicious activity, no hidden forwarding rules, no unusual logins. All sign-ins are from the expected Quairading locations with MFA satisfied. No credential compromise.
- The original phishing email was already quarantined by Microsoft's auto-purge. I've also soft-deleted the follow-up messages from the second domain, blocked all three sender domains/addresses at the tenant level, and submitted the emails to Microsoft so detection improves going forward.

Outcome:

No mailbox compromise, no malware. Closing the ticket as resolved.

A couple of friendly reminders to pass on to the team:

- If anything, similar lands again, please use the Report → Phishing button in Outlook rather than replying — that way the message goes straight to Microsoft and us without engaging the attacker.
- For any unexpected invoice, especially from a supplier the Shire hasn't dealt with before, it's worth a quick out-of-band check (phone the supplier on a known number or confirm with the staff member named) before processing payment.

Thanks again for flagging this.

Preventive actions:

- Reinforced the mandatory requirement that all new creditors and changes to banking details must be verified through EFTSure prior to being created or amended in the finance system to the staff member and all other finance staff.
- Provided refresher training to admin staff on identifying phishing emails, business email compromise, and invoice fraud at the next administration meeting.
- Recorded the incident and communicated the lessons learned to relevant staff to reduce the likelihood of recurrence.
- Incident was raised at the Executive Management Meeting.

ITEM 9 EMERGING ISSUES/LATE ITEMS

ITEM 10 NEXT MEETING DATE

The next Audit, Risk & Improvement Committee Meeting is scheduled to take place on Tuesday 10 November 2026 commencing at 5:00 PM in the Council Chambers, 10 Jennaberring Road, Quairading, WA.

ITEM 11 CLOSURE

There being no further business, the Chairperson closed the Meeting at _____ pm.