



# ATTACHMENTS

Audit Risk and Improvement Committee Meeting



Meeting to be held in Council Chambers at  
15 Maddock Street, Mukinbudin  
Commencing at 1.30pm Tuesday 22nd July 2025



Our Ref: 8346

7th Floor, Albert Facey House  
469 Wellington Street, Perth

Ms Tanika McLennan  
Acting Chief Executive Officer  
Shire of Mukinbudin

**Mail to:** Perth BC  
PO Box 8489  
PERTH WA 6849

**Tel:** 08 6557 7500  
**Email:** [info@audit.wa.gov.au](mailto:info@audit.wa.gov.au)

By email: [ceo@mukinbudin.wa.gov.au](mailto:ceo@mukinbudin.wa.gov.au)

Dear Ms McLennan

**ANNUAL FINANCIAL REPORT  
INTERIM AUDIT RESULTS FOR THE YEAR ENDING 30 JUNE 2025**

We have completed the interim audit for the year ending 30 June 2025. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to evaluate your overall control environment, but not for the purpose of expressing an opinion on the effectiveness of internal control, 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**

I 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. Some of the matters may be included in our auditor's report in accordance with section 7.9(2) of the *Local Government Act 1995* or regulation 10(3)(a) and (b) of the *Local Government (Audit) Regulations 1996*. If so, we will inform you before we finalise the report.

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 Shire President. 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 7742 if you would like to discuss these matters further.

Yours faithfully

Jay Teichert  
Director  
Financial Audit  
30 June 2025

Attach

NAME OF ENTITY: SHIRE OF MUKINBUDIN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Risk Register Not Maintained	No		✓		✓
2. Updated review of Asset Management Plans	No		✓		

**Key to ratings**

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

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

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

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

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

NAME OF ENTITY: SHIRE OF MUKINBUDIN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

## 1. Risk Register Not Maintained

### Finding

A risk register was not available for our inspection to reflect identified risks, and if they have been adequately treated. We are informed that the Shire uses the Financial Management Review to monitor the risks. However, the identified risks are not included within agenda items for elected member consideration in the Council and/or Audit Risk Committee meeting or recorded elsewhere.

This finding was first reported in the 2023 Interim Management Letter.

**Rating: Moderate** (2024: Moderate)

### Implication

Without a comprehensive documented and updated risk register, the Shire has potential exposure to risks that if unmanaged, may have an adverse impact on the achievement of organisational objectives.

### Recommendation

Risks should be appropriately recorded in a risk register including details of remedial actions and timeframe of the implementation. The Shire should communicate the identified risks within a council meeting, to enable elected members to be fully informed of the identified risks when making decisions.

### Management Comment

*A staff restructure is in progress with a newly created "Compliance Officer" position intended to be filled by the end of July. This new position will be responsible for creating and maintaining the Risk Register.*

**Responsible person:** New Compliance Officer

**Completion date:** September 2025

NAME OF ENTITY: SHIRE OF MUKINBUDIN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

## 2. Updated review of Asset Management Plans

### Finding

The Shire last completed a review of its Asset Management plans in January 2014.

**Rating: Moderate**

### Implication

A current Asset Management Plan provides essential guidance for staff to manage the Shire's assets in accordance with management's expectations. Lack of formal and comprehensive plan that is readily available to staff increases the risk of mismanagement and recording of assets.

### Recommendation

We recommend that management ensures that its asset management plans are reviewed at least once in every 5 years in order to provide staff with a current approach for managing the Shire's assets, which includes acquisition, assignment of useful life, recording, identification, tracking (e.g. stocktake), disposal and response to theft, damage or loss. The plan should also cover the management of portable and attractive assets.

### Management comment

*Allowance for a consultant to review and update the Asset Management Plan has been made in the draft 2025/26 Annual Budget. Once adopted, this work will proceed.*

**Responsible person:** Tanika McLennan, Acting CEO

**Completion date:** April 2026