

SHIRE OF KULIN

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Risk management policy	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.

SHIRE OF KULIN

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1. Risk management policy**Finding**

Our enquiries indicated that the Shire of Kulin has no formal risk management policy in place, documenting assessed risks and risk management procedures. We acknowledge that there is currently a draft version that is yet to be endorsed by Council.

Rating: Significant (2024: Significant)

Implication

The absence of a risk management policy and associated procedures increases the risk of strategic and operational risks being insufficiently understood or not identified by Shire Management and Council. Additionally, risk levels may unknowingly exceed the Council's appetite.

Recommendation

We recommend that a risk management policy be prepared as a priority, updated and subsequently reviewed on a regular basis.

Management comment

A risk management policy has been drafted and will be reviewed by the Executive Management Team in the coming weeks. This will be adopted at either the December 2025 or February 2026 Council meetings.

Responsible person:

Cassi-Dee Lewis
Executive Management of Governance & Risk

Completion date:

13 November 2025