



Report on Significant Matters
for the financial year ended
30 June 2023

Report per Section 7.12A(4)(a) of the Local Government Act 1995

The Audit of the Shire of Wyalkatchem for the Financial Year ending 30 June 2023 resulted in the findings of 2 significant matters outstanding from the prior year's audit.

Outstanding from previous year Finding 1 Lack of segregation of duties

Status in 2023

We noted 3 out of 25 purchase transactions, where the same staff issued and approved the purchase orders and authorized related supplier invoices. In addition, there was no evidence on the invoices indicating who received the goods/services,

Status in 2022

We noted 3 out of 30 purchase transactions, where the same staff issued and approved the purchase orders and authorised related supplier invoices.

Finding in 2021

We noted 18 out of 38 purchase transactions, where the same staff issued and approved the purchase orders and authorised related supplier invoices. In addition, there were no evidence on the invoices indicating who received the goods/services.

Lack of segregation of duties increases the risk of unauthorised purchases occurring without detection, resulting in financial loss to the Shire.

Management should review these 3 transactions and other similar transactions to ensure their validity. Also, management should implement appropriate segregation of duties, particularly between authorisation of purchase order and approving relevant supplier invoices.

Management Comment

Transactions were reviewed and confirmed to be valid. Appropriate segregation has been implemented to ensure the same officer can not order, receive and authorise for payment any one purchase.

Responsible Persons: Manager Corporate Services/CEO/Works Manager

Completion Date: In progress

Finding 2 Changes to supplier Master Files

Status in 2023

We noted that there was no evidence retained to demonstrate supplier and payroll Masterfiles being reviewed. We however acknowledge that our testing to validate supplier's information in the system did not identify any discrepancies.

Status in 2022

From December 2021, there is no evidence retained to demonstrate whether changes to payroll and supplier details, including bank account details, are being authorised by an officer other than the person making the amendment.

We however acknowledge that our testing to validate suppliers' information in the system did not identify any discrepancies.

There is an increased risk that unauthorised changes may be made resulting in errors or funds being inappropriately transferred and recommend that changes to the supplier master file should be independently reviewed.

Management Comment

All Supplier and Employee Masterfile amendments have been reviewed by the Manager Corporate Services but the evidence of this has not been captured. In future each audit trail report (which are run at the time of every payment being made) will be signed by the Manager Corporate Services to evidence the review.

Responsible Persons: Manager Corporate Services

Completion Date: July 2023 - Completed