



Shire of Wyalkatchem Audit and Risk Committee (ARC)

Notice of Special Meeting and Agenda –

To be held on Thursday 28 July 2022,

commencing at 3.30pm in the Council Chambers,

Honour Avenue, Wyalkatchem

Regulation 16 of the Local Government (Audit) Regulations 1996 states that:

“An audit committee –

- a)** is to provide guidance and assistance to the local government –
 - i.** as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and*
 - ii.** as to the development of a process to be used to select and appoint a person to be an auditor; and**

- b)** may provide guidance and assistance to the local government as to –
 - i.** matters to be audited; and*
 - ii.** the scope of audits; and*
 - iii.** its functions under Part 6 of the Act; and*
 - iv.** the carrying out of its functions relating to other audits and other matters related to financial management; and**

- c)** is to review a report given to it by the CEO under regulation 17(3) (the CEO’s report) and is to –
 - i.** report to the council the results of that review; and*
 - ii.** give a copy of the CEO’s report to the council.”**

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- 1. DECLARATION OF OPENING**
- 2. PUBLIC QUESTION TIME**
- 3. ATTENDANCE /APOLOGIES/LEAVE OF ABSENCE**
- 4. PETITIONS, DEPUTATIONS, PRESENTATIONS**
- 5. DECLARATIONS OF INTEREST**
- 6. CONFIRMATION AND RECEIPT OF MINUTES**
Nil
- 7. MATTERS ARISING FROM THE MINUTES**
- 8. ANNOUCEMENT BY THE PRESIDING PERSON WITHOUT DISCUSSIONS**
- 9. MATTERS FOR WHICH THE MEETING MAY BE CLOSED**

10. MATTERS REQUIRING A COMMITTEE DECISION

10.1. CORPORATE SERVICES REPORTS

10.1.1. INTERIM AUDIT MANAGEMENT LETTER

Applicant:	Shire of Wyalkatchem
Location:	Shire of Wyalkatchem
Date:	22 July 2022
Reporting Officer:	Stephanie Elvidge – Governance Executive Officer
Disclosure of Interest:	No interests to disclose
File Number:	12.02.01
Attachment Reference:	Attachment 7.1.1.1 – Office of Auditor General – Management Letter Attachment 7.1.1.2 – Audit Findings Report Attachment 7.1.1.3 – Report on Significant Matters

SUMMARY

Council is required to accept the Management Letter prepared by the Office of the Auditor General.

BACKGROUND

Council is required to have an Interim Audit which is undertaken by an Auditor approved by the OAG.

The focus of the interim audit is to evaluate the Shire of Wyalkatchem's 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 the audit of the annual financial report.

COMMENT

The Officer of Auditor General Management Letter has identified thirteen management control issues which are detailed in attachment 7.1.1.2 Office of Auditor – Audit findings Report.

A Report on Significant Matters, attachment 7.1.1.3 has been prepared which is to be presented to the Minister within 3 months of the Auditors Report being received by the Local Government as per the requirement of s.7.12A (4) *Local Government Act 1995* (the Act) .

It is recommended that the Audit and Risk Management Committee endorse this report and recommend the endorsement by Council.

Once endorsed, the report will be provided to the Minister and published on the Shire's website.

An action plan will be developed to ensure all matters are addressed by the Shire in a timely manner.

STATUTORY ENVIRONMENT

Local Government Act 1995 section 7.12A – Duties of local government with respect to audits.

The requirements of this response are:

- a. Upon receipt of the auditor’s report, the local government must prepare a report for its Audit Committee to address the significant matters raised and outline what action(s) the local government has taken or intends to take in respect of each of the matters raised.
- b. The Audit Committee minutes and the report to the Minister are referred to Council for proper review and endorsement of any proposed actions.
- c. Within 3 months of receipt of the auditor’s report, a copy of the Council-endorsed report must be provided to the Minister.
- d. Within 14 days of providing a copy of the report to the Minister, a copy must be published on the local government’s website.

A local government is not considered compliant with its statutory obligations until all of the above actions have been completed.

POLICY IMPLICATIONS

There are no direct policy implications in relation to this item.

FINANCIAL IMPLICATIONS

There are no direct financial implications in relation to this item.

COMMUNITY & STRATEGIC OBJECTIVES

This matter promotes the following Strategic Community Plan goal.

GOAL 10

Outcome No.	Outcome
Transparent, accountable and effective governance	<ul style="list-style-type: none">• Ensuring a well-informed Council makes good decisions for the community• Ensuring sound financial management and plans for the Shire’s long term financial sustainability• High quality corporate governance, accountability and compliance Maintaining Integrated Strategic and Operational plans

VOTING REQUIREMENT

Simple Majority

COMMITTEE RECOMMENDATION

- *That the Audit and Risk Management Committee:*
 1. *Accepts the 2021/2022 Management Letter prepared by Office of Auditor General (Attachment 7.1.1.1) and management comments and actions in relation to the audit outcomes (attachment 7.1.1.2.)*
 2. *That, in accordance with the s7.12A (4)(b) accepts the Report on Significant Matters for the financial year 30 June 2022 (Attachment 7.1.1.3).*
 3. *Advises Council that it has met with the Auditor and discharged its obligations, in accordance with Section 7.12A (2)) of the Local Government Act.*
- *That the Audit and Risk Committee recommends that that Council;*
 1. *Accepts the 2021/2022 Management Letter prepared by Office of Auditor General and management comments and actions in relation to the audit outcomes and recommendations.*
 2. *Accept and endorses the Report on Significant Matters for the financial year ended 30 June 2022.*
 3. *Acknowledge that the Audit and Risk Management Committee has met with the Auditors and has discharged its obligations, in accordance with Section 7.12A (2)) of the Local Government Act.*

- 11. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**
- 12. QUESTIONS BY MEMBER OF WHICH DUE NOTICE HAS BEEN GIVEN**
- 13. URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY DECISION**
- 14. MATTERS BEHIND CLOSED DOORS**
- 15. CLOSURE OF THE MEETING**



Our Ref: 7968

Mr Peter Klein
Chief Executive Officer
Shire of Wyalkatchem
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Dear Mr Klein

**ANNUAL FINANCIAL REPORT
INTERIM AUDIT RESULTS FOR THE YEAR ENDED 30 JUNE 2022**

We have completed the interim audit for the year ended 30 June 2022. 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

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. 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 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 7551 if you would like to discuss these matters further.

Yours faithfully

Suraj Karki CA
Assistant Director
Financial Audit
30 June 2022

Attach





SHIRE OF WYALKATCHEM

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
Current year issues			
1. Journal entries not independently approved	✓		
2. Changes to Supplier Master Files	✓		
3. Quotations Evaluation form		✓	
4. Monthly bank reconciliations not independently reviewed		✓	
5. Excessive user access to the financial system		✓	
6. Overdue rates debtors		✓	
7. No reconciliations for accounts receivable and payable accounts		✓	
8. Annual financial report		✓	
Issues outstanding from prior year			
9. Lack of segregation of duties	✓		
10. Investment of surplus funds		✓	
11. Purchase orders dated after invoice dates		✓	
12. Employee termination payments		✓	
13. No Asset Disposal Forms		✓	

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 may be reported as a matter of non-compliance in the audit report 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 report, 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 WYALKATCHEM
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2022
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

1. Journal entries not independently approved

Finding

We noted 5 out of 10 instances of journal entries which were not independently reviewed by a second officer.

Rating: Significant Implication

If journals are not independently reviewed and approved, there is a risk that erroneous or fraudulent journal entries may pass undetected. Accounting journals can represent significant adjustments to previously approved accounting transactions and should therefore be appropriately reviewed and approved.

Recommendation

All general journal entries should be reviewed by an independent senior officer before they are processed and evidence of authorisation is retained.

Management Comment

The staff will ensure that Journals are processed after review. The Shire currently contracts a Consultant (Accwest Pty Ltd) to review same as required.

Responsible Person: Manager Corporate Services / Consultants
Completion Date: In Progress

SHIRE OF WYALKATCHEM
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2022
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

2. Changes to Supplier Master File

Finding

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.

Rating: Significant Implication

There is an increased risk that unauthorised changes may be made resulting in errors or funds being inappropriately transferred.

Recommendation

Changes to the supplier master file should be independently reviewed.

Management Comment

The Shire will prepare a process for changes to master file data and include a review of all Master File changes as part of its end of month processes.

Responsible Person: Manager Corporate Services
Completion Date: In progress

SHIRE OF WYALKATCHEM
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2022
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

3. Quotations Evaluation form

Finding

We noted that the Shire does not have a formal quotation evaluation form to demonstrate the number of quotations received, evaluation process and the basis to recommend a preferred supplier. The Shire's *Purchasing Framework* requires such documentation to be completed to ensure compliance with the evaluation and assessment criteria.

In one out of 30 instances we noted that a supplier with relatively higher quote, compared to other participants, was selected without any justification being documented to do so. We however sought justification from management for such decision and found it valid.

Rating: Moderate Implication

In the absence of a formal quotation evaluation form, there is a risk that sufficient quotations may not be obtained, or quotations may not be evaluated according to the evaluation and assessment criteria. Such practice increases a risk of favouritism of suppliers and the Shire not obtaining value for money.

Recommendation

The Shire should consider implementing a formal quotation evaluation form which should be duly completed and the decision to recommend a preferred supplier be clearly documented. In addition, if instances arise where it is impractical to obtain the requisite number of quotations, the reasons should also be documented in the quotation evaluation form.

Management Comment

The Shire will develop a pro forma quotation form and implement a process for its use ASAP.

Responsible Person: Manager Corporate Services/CEO/Works Manager
Completion Date: In progress

SHIRE OF WYALKATCHEM
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2022
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

4. Monthly Bank Reconciliations not independently reviewed

Finding

We found no evidence of an independent review of the Muni bank reconciliations for the months of July and August 2021. In addition, the reconciliation for March 2022 was independently reviewed but the date of the review was not documented.

Rating: Moderate Implication

Reconciliations are a key control for ensuring financial data is completely and accurately reflected in the general ledger from which financial statements are derived. The absence of an independent and documented review process of the reconciliations can result in errors or omissions remaining undetected, leading to misstatements in the financial statements.

Recommendation

The bank reconciliations should be reviewed in a timely manner and the evidence of such review be appropriately documented.

Management Comment

The Shire is implementing a formal process for all end of month processes including a review of bank reconciliations.

Responsible Person: Manager Corporate Services
Completion Date: In progress

SHIRE OF WYALKATCHEM
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2022
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

5. Excessive user access to the financial system

Finding

Based on our review of user access levels in the financial management system, we noted that the Rates Officer has super user access, which appears to be excessive. However, no unusual entries done by the rates officer were identified during our review.

Rating: Moderate Implication

Super user access to the financial system may allow staff to use the system inappropriately. For example, this access could be used to undermine the effectiveness of system controls (such as segregation of duties) and diminish accountability.

Recommendation

We recommend user access rights to be reviewed and updated to ensure that only appropriate staff have access, and duties remain effectively segregated without preventing tasks being completed effectively and efficiently.

Management Comment

Due to recent high staff changeover, the Shire at times relies heavily on external consultants (including the Rates Officer, who provides the rates service offsite). The Rate Officer has previously worked with ITVision and is a Synergy expert who the Shire relies heavily on to provide assistance with many Synergy Soft modules. Once new staff are settled and have confidence in the system's operations, the Shire will review Super User access.

Responsible Person: Manager Corporate Services
Completion Date: In progress

SHIRE OF WYALKATCHEM
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2022
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

6. Overdue Rates debtors

Finding

Our review of the rate debtors at 2 April 2022 indicated that approximately 30% debtors (non-pensioners) totalling \$ 20,483 were outstanding for more than 2 years. The Shire however has implemented procedures for the recovery of outstanding debts.

Rating: Moderate Implication

Overdue debtor accounts may adversely affect the Shire's cashflow requirements. Management may encounter difficulty in recovering long outstanding debts resulting in financial loss.

Recommendation

Management should take appropriate action to recover all long outstanding debts without delay and also ensure that all debts are recovered within the credit period offered.

Management should also review the existing provision for doubtful debts in the books and consider its adequacy for the financial year ending 30 June 2022.

Management Comment

All debts shall be pursued in line with the newly implemented procedures.

The Shire will review the provision for doubtful debts as part of the 2021-22 financial statements preparation.

Responsible Person: Manager Corporate Services/ Consultants
Completion Date: In progress

SHIRE OF WYALKATCHEM
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2022
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

7. No reconciliations for accounts receivable and payable accounts

Finding

We noted that the monthly reconciliations for accounts receivable and payable had not been prepared from January to March 2022.

Rating: Significant Implication

Reconciliations are a key control for ensuring financial data is completely and accurately reflected in the general ledger from which financial statements are derived. Lack of key accounts' reconciliation increases the risk of errors, omissions or fraud remaining undetected. In turn, this could lead to misstatements in financial reporting.

Recommendation

The accounts receivable and payable balances should be reconciled in a timely manner and be independently reviewed.

Management Comment

With new staff on board the Shire is implementing a formal review process for all end of month processes including debtors and creditors.

Responsible Person: Manager Corporate Services
Completion Date: In progress

SHIRE OF WYALKATCHEM
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2022
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

8. Submission of the Annual Financial Report

Finding

We noted that the Shire had not submitted a copy of the Annual Financial Report to the Department of Local Government, Sport and Cultural Industries within 30 days of the receipt of the Auditor's Report on the Financial Report as required by Regulation 51(2) of the Local Government (Financial Management) Regulations 1996.

Rating: Moderate Implication

Non- compliance with Regulation 51(2) of the Local Government (Financial Management) Regulations 1996.

Recommendation

Management should submit a copy of the Annual Financial Report for the year ended 30 June 2021 at the earliest and should adhere to the timeline specified by the Regulation with regard to submitting the Annual Financial Report to the Department in future.

Management Comment

The Shire will ensure that the relevant documents are sent to the Department in accordance with the Regulations in future.

Responsible Person: Manager Corporate Services

Completion Date: In progress

SHIRE OF WYALKATCHEM
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2022
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

9. Lack of segregation of duties

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.

Rating: Significant Implication

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

Recommendation

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

The Shire will review its current processes to ensure an appropriate segregation of duties, recognising recent challenges with staff changeover and unfilled positions.

Responsible Person: Manager Corporate Services/CEO/Works Manager

Completion Date: In progress

SHIRE OF WYALKATCHEM
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2022
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

10. Investment of surplus funds

Status in 2022

The Shire has still not formally established and documented internal control procedures as outlined below in the last year's issue.

Finding in 2021

We noted that the Shire does not have a formally established and documented internal control procedures for:

- the placement of investments i.e. recording of interest quotes from banks, confirmation and authorisation of deals etc.
- the rollover of investments
- the redemption of investments
- the receipt of income

Current practice of the investments of surplus funds at the Shire appears to be at the discretion of the officers responsible for this function. Regulation 19(1) of the Local Government (Financial Management) Regulations 1996 requires a local government to establish and document internal control procedures to be followed by employees to ensure control over investments.

We also noted that the Shire does not have an Investment Register as required by the Investment Policy

Rating: Moderate Implication

In the absence of formally established and documented internal control procedures, there is an increased risk of inefficient investment of surplus funds. This practice is also non-compliant with Regulation 19 (1) of the *Local Government (Financial Management) Regulations 1996*.

Also, lack of an investment register, which is inconsistent with the investment policy, may pose difficulty in management monitoring the movements in investments and make decisions that are in the best interest of the Shire.

Recommendation

The Shire should establish and document internal control procedures that should be followed by employees to ensure control over investments, in accordance with Regulation 19(1) of the Local Government (Financial Management) Regulations.

The Shire should also establish and maintain an Investment Register in order to comply with the requirements of the Investment Policy.

Management Comment

The Shire shall develop an internal control procedure for control over investments and create an investment register ASAP.

Responsible Person: Manager Corporate Services/ Consultants
Completion Date: In progress

SHIRE OF WYALKATCHEM
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2022
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

11. Purchase orders dated after invoice dates

Status in 2022

During our sample testing of payments made throughout the year, we identified 6 instances, out of our samples of 30, where the authorised purchase orders were dated after the dates of the corresponding supplier invoices.

Finding in 2021

During our sample testing of payments made throughout the year, we identified 9 instances, out of our samples of 38, where the authorised purchase orders were dated after the dates of the corresponding supplier invoices.

Rating: Moderate Implication

There is no evidence that the ordering of goods was approved prior to ordering.

Recommendation

Purchase orders should be approved for all applicable items prior to ordering.

Management Comment

The Shire shall review the Purchasing policy and reiterate to staff adherence to minimise the matter of purchase orders being raised after the invoice date.

Responsible Person: Manager Corporate Services

Completion Date: In progress

SHIRE OF WYALKATCHEM
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2022
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

12. Employee termination payments

Status in 2022

We noted that the former Manager of Corporate Services' termination payment calculations were not evidenced as being reviewed by an independent senior officer. We have however confirmed that the calculations are correct.

Finding in 2021

We noted that employee termination payment calculations were not evidenced as being reviewed and approved by a supervisor.

Rating: Moderate Implication

Termination payouts can be high value, and if calculations are not reviewed, incorrect payouts could pass undetected.

Recommendation

We recommend the calculations for all termination payments are independently reviewed and evidence of this review is retained.

Management Comment

The Shire will ensure that future termination payments are reviewed, and evidence of review clearly documented.

Responsible Person: Manager Corporate Services
Completion Date: In progress

SHIRE OF WYALKATCHEM
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2022
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

13. No Asset Disposal Forms

Status in 2022

Management still has not implemented a process of formally documenting the disposal of assets.

Finding in 2021

We noted that currently there is no process of formally documenting the disposal of assets i.e. *Asset Disposal Form*, and obtaining management's approval prior to disposing individual assets. We however acknowledge that potential disposals are included in the Shire's approved budget.

Rating: Moderate Implication

Although potential disposals are reflected in the Shire's approved budget, it is likely that the budgeted sales proceeds may differ from actual. Therefore, such practice could potentially result in the misappropriation of assets and result in a financial loss to the Shire.

Recommendation:

Management should introduce an Asset Disposal/Deletion form to formalise the asset disposals/deletions process, which should also be subject to appropriate authorisation.

Management Comment

The Shire will develop a pro-forma disposal form and implement a process for use and approval ASAP.

Responsible Person: Manager Corporate Services/Consultants

Completion Date: In progress





Report on Significant Matters
for the financial year ended 30 June
2022

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 2022 resulted in the findings of 2 Significant Matters and 1 significant matter outstanding from the prior year's audit.

Finding 1 Journal Entries are not independently approved.

If journals are not independently reviewed and approved, there is a risk that erroneous or fraudulent journal entries may pass undetected. Accounting journals can represent significant adjustments to previously approved accounting transactions and should therefore be appropriately reviewed and approved.

All general journal entries should be reviewed by an independent senior officer before they are processed and evidence of authorisation is retained.

Management Comment

Journals are now prepared, and then reviewed by an independent employee/person or consultant.

Finding 2 Changes to supplier Master Files

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.

The Shire will prepare a process for changes to master file data and include a review of all Master File changes as part of its end of month processes.

Management Comment

The Shire will prepare a process for changes to master file data and include a review of all Master File changes as part of its end of month processes.

Outstanding from previous year Finding 9 Lack of segregation of duties

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

The Shire will review its current processes to ensure an appropriate segregation of duties, recognising recent challenges with staff changeover and unfilled positions.

Responsible Persons: Manager Corporate Services/CEO/Works Manager

Completion Date: In progress

