



Report on Significant Matters

for the financial year ended 30 June 2019

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

Council considered a recommendation from the Shire Audit and Risk Committee and resolved on the 20 February 2020 the following response in accordance with 7.12A(a) of the Act.

1. Purpose of the Report

To meet compliance with section 7.12A(4)(a) of the Act relating to significant matters raised in the 2018/2019 audit report.

2. Significant Matter identified by OAG

1. Journal Entries

Finding 2018

Accounting journal entries were posted by one employee, with no evidence of review by a second employee.

Update 2019

This matters remains unresolved.

Rating: Significant

3. Implication

Unauthorised journals increase the risk of inappropriate adjustments to the general ledger.

4. Management Comment

Noted.

New systems and controls have been introduced in conjunction with the new financial system, SynergySoft that went live 1 July 2019.

The new system provides improvements to achieve best practice in this area. A review and authorisation process has been introduced which is recorded on the Journal coversheet, being a summary of the journal. Signatures are obtained as evidence that the process is being adhered to. All approved journals are recorded within a central Journal Register.

Journal coversheet, supporting documentation and journal update reports from SynergySoft are filed within a separate journal file by months.

The vacancy of the Manager of Corporate Services has resulted in the Chief Executive Officer taking responsibility of the management of the Shire's finances, this includes processing of journals.

A combination of the current organisation structure and the level of knowledge in financial management currently does not provide the appropriate staff to review and authorised journals performed by the Chief Executive Officer.

5. Recommendation

To help maintain the integrity of the accounting system, we recommend a person more senior than the preparer reviews and authorises all journal entries. All journals should be signed and dated as evidence of review.

6. Action Taken or intended to be Taken

New systems and controls have been introduced in conjunction with the new financial system, SynergySoft that went live 1 July 2019.

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7. Completion or Proposed Completion Date

New Systems and controls have been introduced effective 1 July 2019.

8. Recommendation

Council is committed to ensuring that its internal controls meet compliance as well as best practice and is continually making improvements in this area.

Council acknowledge the significant matter raised in the 2018/2019 audit report relating to Journal Entries and is satisfied that the action taken by management resolved this matter.