



## NOTICE OF MEETING

Dear Councillors

I respectfully advise that the AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING will be held in Council Chambers, York Town Hall, York on Tuesday, 9 September 2025, commencing at 3:00pm.

MEETING AGENDA ATTACHED

CHRIS LINNELL  
CHIEF EXECUTIVE OFFICER  
Date: 4 September 2025

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Any decisions made at a Meeting can be revoked in accordance with Regulation 10 of the *Local Government (Administration) Regulations 1996*. Therefore, members of the public should not rely on any recommendations in an Agenda or a decision made at a Meeting until formal notification in writing from the Shire of York has been received.



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## 1 OPENING

### 1.1 Declaration of Opening

### 1.2 Acknowledgement/Disclaimer

The Presiding Member advises the following:

*“The Shire of York Audit, Risk and Improvement Committee acknowledges the Ballardong people of the Noongar Nation who are the Traditional Owners of the country where this meeting is being held and recognise their continuing connection to land, water, sky and culture. We pay our respects to all these people and their Elders past, present and emerging.*

*In accordance with Regulations 14I and 14J of the Local Government (Administration) Regulations 1996, notice is given that this meeting is being video and audio recorded to facilitate community participation and for minute-taking purposes. By being present at a meeting, members of the public consent to the possibility that their image and voice may be recorded. Audio recordings are published on the Shire’s website following the meeting and may be released upon request to third parties.*

*Members of the public are reminded that, in accordance with Section 6.16 of the Shire of York Local Government (Council Meetings) Local Law 2016, nobody shall use any visual or vocal recording device or instrument to record the proceedings of the Audit & Risk Committee without the written permission of the Presiding Member.*

*I wish to draw attention to the Disclaimer Notice contained within the agenda document and advise members of the public that any decisions made at the meeting today can be revoked in accordance with Regulation 10 of the Local Government (Administration) Regulations 1996. Therefore, members of the public should not rely on any decisions until formal notification in writing from the Shire has been received.*

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### 1.3 Attendance Via Electronic Means

### 1.4 Standing Orders

### 1.5 Announcement of Visitors

### 1.6 Declarations of Proximity Interest

A declaration under this section requires that the nature of the interest must be disclosed. Consequently a member who has made a declaration must not preside, participate in, or be present during any discussion or decision making procedure relating to the matter the subject of the declaration.

Other members may allow participation of the declarant if the member further discloses the extent of the interest and the other members decide that the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.

Name	Item No & Title	Nature of Interest (and extent, where appropriate)

**1.7 Declaration of Financial Interests**

A declaration under this section requires that the nature of the interest must be disclosed. Consequently a member who has made a declaration must not preside, participate in, or be present during any discussion or decision making procedure relating to the matter the subject of the declaration.

Other members may allow participation of the declarant if the member further discloses the extent of the interest and the other members decide that the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.

<b>Name</b>	<b>Item No &amp; Title</b>	<b>Nature of Interest (and extent, where appropriate)</b>

**1.8 Disclosure of Interests that may affect Impartiality**

Councillors and staff are required (Code of Conduct), in addition to declaring any financial interest, to declare any interest that might cause a conflict. The member/employee is also encouraged to disclose the nature of the interest. The member/employee must consider the nature and extent of the interest and whether it will affect their impartiality. If the member/employee declares that their impartiality will not be affected then they may participate in the decision making process.

<b>Name</b>	<b>Item No &amp; Title</b>	<b>Nature of Interest (and extent, where appropriate)</b>

**2 ATTENDANCE**

2.1 Members

2.2 Staff

2.3 Apologies

2.4 Leave of Absence Previously Approved

2.5 Number of People in the Gallery at Commencement of Meeting

**3 QUESTIONS FROM PREVIOUS MEETINGS****4 PUBLIC QUESTION TIME**

Public Question Time is conducted in accordance with the Act and Regulations. In addition to this the Shire's *Local Government (Council Meetings) Local Law 2016* states –

**6.7 Other procedures for question time for the public**

- (1) A member of the public who wishes to ask a question during question time must identify themselves and register with a Council Officer immediately prior to the meeting.
- (2) A question may be taken on notice by the Council for later response.



- (3) When a question is taken on notice the CEO is to ensure that—
  - (a) a response is given to the member of the public in writing; and
  - (b) a summary of the response is included in the agenda of the next meeting of the Council.
- (4) Where a question relating to a matter in which a relevant person has an interest is directed to the relevant person, the relevant person is to—
  - (a) declare that he or she has an interest in the matter; and
  - (b) allow another person to respond to the question.
- (5) Each member of the public with a question is entitled to ask up to 2 questions before other members of the public will be invited to ask their questions.
- (6) Where a member of the public provides written questions then the Presiding Member may elect for the questions to be responded to as normal business correspondence.
- (7) The Presiding Member may decide that a public question shall not be responded to where—
  - (a) the same or similar question was asked at a previous meeting, a response was provided and the member of the public is directed to the minutes of the meeting at which the response was provided;
  - (b) the member of the public uses public question time to make a statement, provided that the Presiding Member has taken all reasonable steps to assist the member of the public to phrase the statement as a question; or
  - (c) the member of the public asks a question that is offensive or defamatory in nature, provided that the Presiding Member has taken all reasonable steps to assist the member of the public to phrase the question in a manner that is not offensive or defamatory.
- (8) A member of the public shall have 2 minutes to submit a question.
- (9) The Council, by resolution, may agree to extend public question time.
- (10) Where any questions remain unasked at the end of public question time they may be submitted to the CEO who will reply in writing and include the questions and answers in the agenda for the next ordinary Council meeting.
- (11) Where an answer to a question is given at a meeting, a summary of the question and the answer is to be included in the minutes.

#### 4.1 Written Questions – Current Agenda

#### 4.2 Public Question Time

### **5 APPLICATIONS FOR LEAVE OF ABSENCE**

### **6 PRESENTATIONS**

### **7 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**

Audit and Risk Committee Meeting - 10 June 2025

#### **Confirmation**

**That the minutes of the Audit and Risk Committee Meeting held on 10 June 2025 be confirmed as a correct record of proceedings.**

### **8 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION**

## 9 OFFICER'S REPORTS

### 9.1 APPOINTMENT OF INDEPENDENT EXTERNAL MEMBERS TO THE AUDIT, RISK AND IMPROVEMENT COMMITTEE

File Number:	4.4175
Author:	Vanessa Green, Council & Executive Support Officer
Authoriser:	Chris Linnell, Chief Executive Officer
Previously before Council:	24 June 2025 (170625)
Disclosure of Interest:	Nil
Appendices:	<ol style="list-style-type: none"><li>1. Applicant 1 - Confidential</li><li>2. Applicant 2 - Confidential</li><li>3. Applicant 3 - Confidential</li></ol>

### NATURE OF COUNCIL'S ROLE IN THE MATTER

Legislative

### PURPOSE OF REPORT

This report presents applications to the Audit, Risk and Improvement Committee (ARIC) for the appointment of its independent external members, who will also be its Presiding Member and Deputy Presiding Member.

### BACKGROUND

The ARIC has had external member representation since September 2021. Most recently, Council considered the ARIC's external member representation due to the Local Government Act reforms requiring audit, risk and improvement committees to have an independent Chair and Deputy Chair.

At its June 2025 Meeting Council resolved (in part) (170625):

***"That, with regard to the Minutes and Recommendations of the Audit and Risk Committee Meeting held on 10 June 2025, Council:***

- 1. Receives the Unconfirmed Minutes of the Audit and Risk Committee (the ARC) Meeting held on 10 June 2025, as presented in Appendix 1, and by adopting the following recommendations of the ARC, Council:***
  - a. Notes the change of title of Council's Audit and Risk Committee to the Audit, Risk and Improvement Committee.***
  - b. Adopts the reviewed Terms of Reference for the Audit, Risk and Improvement Committee, as presented in Appendix 1.***
  - c. Appoints Shona Zulsdorf as the Presiding Member and Justin Lee as the Deputy Presiding Member of the Shire of York Audit, Risk and Improvement Committee.***
  - d. Approves the meeting sitting fee for the Presiding Member of the Shire of York Audit, Risk and Improvement Committee of \$250, to be reviewed once the Salaries and Allowances Tribunal has released its Determination on the matter.***
  - e. Directs the Chief Executive Officer to advertise for the external members of the Shire of York Audit, Risk and Improvement Committee, with the nominations to be presented to the Audit, Risk and Improvement Committee's September 2025***

***Ordinary Meeting, noting the anticipated appointment will be effective from the October 2025 Ordinary Local Government Election.”***

## COMMENTS AND DETAILS

In accordance with point 1e of Council's resolution, local public notice of the Expression of Interest (EOI) for the ARIC's external members was provided from Thursday 26 June 2025 and closed at 12.00pm on Friday 29 August 2025. Notification was provided via the Shire's website, social media, e-newsletter, noticeboards and the York & Districts Community Matters newspaper.

Applicants were requested to provide a recent CV and a cover letter detailing:

1. Their background, experience and qualifications relevant to the Terms of Reference, including as Presiding Member and/or Deputy Presiding Member of other audit, risk and improvement committees.
2. Their previous experience or involvement in local government, community organisations or committees relevant to the Terms of Reference, including as Presiding Member and/or Deputy Presiding Member.
3. Their motivation for joining the committee.
4. Their ability to commit to meeting attendance.

Applicants were also required to address the following selection criteria:

1. A suitably experienced professional who can demonstrate a high level of expertise and knowledge in financial management, risk management, governance, legislative compliance, audit (internal and external), internal controls and assurance processes in a local government setting.
2. Have a sound understanding or experience in performing the role of Presiding Member and/or Deputy Presiding Member.
3. Have an understanding of the duties and responsibilities of the position, ideally with respect to local government financial reporting and auditing requirements.
4. Have strong communication skills.
5. Have relevant qualifications, skills and experience in providing independent audit advice, particularly on audit and risk committees.
6. Be a person with no operating responsibilities with the Shire of York nor provide paid services to the Shire either directly or indirectly.

External members are appointed for a period of two (2) years, in line with the standard terms of office for Council. It is essential that applicants can commit to the term of office and attend the meetings (preferably in-person) during that period. Section 5.11(1)(d) of the *Local Government Act 1995* states that a committee member's membership continues until the next ordinary elections day, being Saturday 16 October 2027.

In addition to being members of the ARIC and as mentioned above, the Local Government Act Reform is introducing the need for an independent chair and independent deputy chair to be appointed to all audit, risk and improvement committees. Further information on those reforms is available on the Department of Local Government, Industry Regulation and Safety's website [Fact sheet: Reforms to governance and committees](#). Accordingly, the external members appointed to the ARIC will be expected to fulfill those roles.

At the close of applications, four (4) requests for the EOI documentation had been received and three (3) applications submitted.

Officers have reviewed the applications and provide the following comment.

TABLE 1.

APPLICANT	COMMENT
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Applicant 1	<p>Applicant has addressed each of the selection criteria and provided examples to demonstrate understanding and experience.</p> <p>Applicant has significant experience across State and Local Government, audit committees and private sector and not-for-profit Boards, including as Chair.</p> <p>Applicant has previous experience with other local government and the Shire of York's ARICs including as Chair and/or Deputy Chair.</p>
Applicant 2	<p>Applicant has addressed each of the selection criteria and provided examples to demonstrate understanding and experience.</p> <p>Applicant has significant experience across State and Local Government, audit committees and private sector Boards, including as Deputy Chair.</p>
Applicant 3	<p>Applicant has addressed each of the selection criteria.</p> <p>Applicant has Executive experience in the private sector (resources, energy and construction) and involvement in Boards and community organisations.</p>

The ARIC may wish to close the meeting to the public in accordance with Section 5.23(2)(b) of the *Local Government Act 1995* to discuss the applications in detail.

The appointment is for up to two (2) external members for a term of two (2) years. In a process similar to Schedule 4.1A of the *Local Government Act 1995*, if an external member resigns, it is proposed that the position will be offered to the third applicant in the first instance, provided they are still interested and available. If not, a separate EOI process will be conducted.

## OPTIONS

The ARIC has the following options:

- Option 1:** The ARIC could choose to recommend to Council that it endorses Applicant 1 and Applicant 2 as the independent external members to the ARIC effective from 18 October 2025, noting they will be the Presiding Member and Deputy Presiding Member respectively and directs the Chief Executive Officer to notify Applicant 3 of the outcome.
- Option 2:** The ARIC could choose to recommend to Council that it endorses different applicants as the independent external members to the ARIC, identifying which applicants they are and directs the Chief Executive Officer to notify the applicants of the outcome.
- Option 3:** The ARIC could choose to recommend to Council that it rejects all applications and directs the Chief Executive Officer to notify all applicants of the outcome and run another EOI process.

Option 1 is the recommended option.

## IMPLICATIONS TO CONSIDER

### Consultative

Executive Leadership Team

Public advertising from Thursday 26 June 2025 to Friday 29 August 2025

### Strategic

Council Plan 2025-2035

- Pillar 5: Strong governance, responsive leadership  
Community-informed, responsive leadership and strong governance.

**Policy Related**

E1 Code of Conduct – Council Members – Committee Members – Candidates

**Financial**

External members are paid a meeting fee in accordance with Section 5.100(2) of the *Local Government Act 1995*, Council resolutions 100324 and 170625, and the Salaries and Allowances Tribunal Determination. These fees are currently \$250 per meeting for the Presiding Member and \$172 per meeting for the Deputy Presiding Member. The Salaries and Allowances Tribunal Determination released on 4 April 2025, effective from 1 July 2025, provides the sitting fee for Independent Committee Members for Bands 1-4 local governments as being between \$0 to \$450 per meeting.

While the April 2025 Determination is silent on a separate and/or increased fee being paid for Independent Members fulfilling the role of Presiding Member it is noted that the Tribunal will determine rates with respect to this at a future date, to coincide with the commencement of the legislative reforms. The meeting fees will be reviewed again once the Salaries and Allowances Tribunal have released its Determination on that matter.

**Legal and Statutory**

Sections 5.10, 5.11 and 5.100 of the *Local Government Act 1995* are applicable and state:

**“5.10. Committee members, appointment of**

- (1) *A committee is to have as its members —*
  - (a) *persons appointed\* by the local government to be members of the committee (other than those referred to in paragraph (b)); and*
  - (b) *persons who are appointed to be members of the committee under subsection (4) or (5).*

*\* Absolute majority required.*

- (2) *At any given time each council member is entitled to be a member of at least one committee referred to in section 5.9(2)(a) or (b) and if a council member nominates himself or herself to be a member of such a committee or committees, the local government is to include that council member in the persons appointed under subsection (1)(a) to at least one of those committees as the local government decides.*
- (3) *Section 52 of the Interpretation Act 1984 applies to appointments of committee members other than those appointed under subsection (4) or (5) but any power exercised under section 52(1) of that Act can only be exercised on the decision of an absolute majority of the council.*
- (4) *If at a meeting of the council a local government is to make an appointment to a committee that has or could have a council member as a member and the mayor or president informs the local government of his or her wish to be a member of the committee, the local government is to appoint the mayor or president to be a member of the committee.*
- (5) *If at a meeting of the council a local government is to make an appointment to a committee that has or will have an employee as a member and the CEO informs the local government of his or her wish —*
  - (a) *to be a member of the committee; or*
  - (b) *that a representative of the CEO be a member of the committee,**the local government is to appoint the CEO or the CEO’s representative, as the case may be, to be a member of the committee.”*

**“5.11. Committee membership, tenure of**

- (1) *Where a person is appointed as a member of a committee under section 5.10(4) or (5), the person’s membership of the committee continues until —*

- (a) *the person no longer holds the office by virtue of which the person became a member, or is no longer the CEO, or the CEO's representative, as the case may be; or*
  - (b) *the person resigns from membership of the committee; or*
  - (c) *the committee is disbanded; or*
  - (d) *the next ordinary elections day,**whichever happens first.*
- (2) *Where a person is appointed as a member of a committee other than under section 5.10(4) or (5), the person's membership of the committee continues until —*
  - (a) *the term of the person's appointment as a committee member expires; or*
  - (b) *the local government removes the person from the office of committee member or the office of committee member otherwise becomes vacant; or*
  - (c) *the committee is disbanded; or*
  - (d) *the next ordinary elections day,**whichever happens first.*

**5.100. Fees paid and expenses reimbursed to committee members**

- (1) *In this section —*

**committee member** *means a person who is a committee member but who is neither a council member nor an employee;*

**determined** *means determined by the Salaries and Allowances Tribunal under the Salaries and Allowances Act 1975 section 7BAA.*
- (2) *A committee member who attends a meeting of the committee is entitled to be paid —*
  - (a) *the fee determined for attending a committee meeting; or*
  - (b) *if the local government has set a fee within the range determined for committee meeting attendance fees — that fee.*
- (3) *A committee member who attends a meeting of a prescribed type at the request of the council is entitled to be paid —*
  - (a) *the fee determined for attending a meeting of that type; or*
  - (b) *if the local government has set a fee within the range determined for meetings of that type — that fee.*
- (4) *Subsection (5) applies if a committee member incurs —*
  - (a) *an expense that is of a kind prescribed as being an expense to be reimbursed by all local governments; or*
  - (b) *an expense —*
    - (i) *that is of a kind prescribed as being an expense which may be approved by any local government for reimbursement by the local government; and*
    - (ii) *which has been approved by the local government for reimbursement.*
- (5) *The committee member must be reimbursed for the expense —*
  - (a) *if the extent of reimbursement for the expense has been determined — to that extent; or*
  - (b) *if the local government has set the extent to which the expense can be reimbursed and that extent is within the range determined for reimbursement — to that extent.*

- (6) *If an expense is of a kind that may be approved by a local government for reimbursement, the local government may approve reimbursement of the expense either generally or in a particular case but nothing in this subsection limits the application of subsection (5) if the local government has approved reimbursement of the expense in a particular case.*
- (7) *A local government cannot make any payment to, or reimburse an expense of, a person who is a committee member in that person's capacity as committee member unless the payment or reimbursement is in accordance with this section."*

Section 7.1A of the *Local Government Act 1995* is also applicable and states:

**"7.1A. Audit committee**

- (1) *A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.*
- (2) *The members of the audit committee of a local government are to be appointed\* by the local government and at least 3 of the members, and the majority of the members, are to be council members.*

*\* Absolute majority required.*

- (3) *A CEO is not to be a member of an audit committee and may not nominate a person to be a member of an audit committee or have a person to represent the CEO as a member of an audit committee.*
- (4) *An employee is not to be a member of an audit committee."*

Regulation 16 and 17 of the *Local Government (Audit) Regulations 1996* are applicable to the functions of an audit committee and state:

**"16. Functions of audit committee**

*An audit committee has the following functions —*

- (a) *to guide and assist the local government in carrying out —*
  - (i) *its functions under Part 6 of the Act; and*
  - (ii) *its functions relating to other audits and other matters related to financial management;*
- (b) *to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
- (c) *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;*
- (d) *to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —*
  - (i) *regulation 17(1); and*
  - (ii) *the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (e) *to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
- (f) *to oversee the implementation of any action that the local government —*
  - (i) *is required to take by section 7.12A(3); and*
  - (ii) *has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*

- (iii) *has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
- (iv) *has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (g) *to perform any other function conferred on the audit committee by these regulations or another written law.*

#### **17. CEO to review certain systems and procedures**

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
  - (a) *risk management; and*
  - (b) *internal control; and*
  - (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) *The CEO is to report to the audit committee the results of that review.”*

#### **Risk Related**

The level of risk is reduced due to the provision of independent transparency and oversight with the appointment of two (2) external members to the ARIC.

The ARIC and Council will need to be satisfied that the external members are suitably experienced, skilled and qualified in order to fulfill their roles.

#### **Workforce**

The time to administer the ARIC is managed within existing resources.

#### **VOTING REQUIREMENTS**

**Absolute Majority: Yes**

#### **RECOMMENDATION**

**That, with regard to the Appointment of Independent External Members to the Audit, Risk and Improvement Committee, the Audit, Risk and Improvement Committee recommends to Council that it:**

- 1. Appoints Applicants 1 and 2 as the independent external members of the Shire of York's Audit, Risk and Improvement Committee, with the term ending at the October 2027 Local Government Elections.**
- 2. Appoints Applicant 1 as the Presiding Member and Applicant 2 as the Deputy Presiding Member of the Shire of York's Audit, Risk and Improvement Committee.**
- 3. Directs the Chief Executive Officer to notify Applicant 3 of the outcome, noting if an external member resigns within the first twelve (12) months, the position will be offered to Applicant 3 in the first instance in a process similar to Schedule 4.1A of the *Local Government Act 1995*.**



**9.2 UPDATE ON THE FINDINGS IDENTIFIED DURING THE 2022/23 AND 2023/24 AUDITS**

<b>File Number:</b>	<b>4.0463, 4.4175</b>
<b>Author:</b>	<b>Alina Behan, Executive Manager Corporate &amp; Community Services</b>
<b>Authoriser:</b>	<b>Chris Linnell, Chief Executive Officer</b>
<b>Previously before Council:</b>	<b>26 March 2024 (100324) 24 September 2024 (100924) 25 March 2025 (070325) 10 June 2025 (170625)</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Appendices:</b>	<ol style="list-style-type: none"> <li>1. <b>Audit Findings Report - 2022/23 Final Audit</b> <a href="#">↓</a></li> <li>2. <b>Audit Findings Report - 2023/24 Final Audit</b> <a href="#">↓</a></li> <li>3. <b>Audit Plan</b> <a href="#">↓</a></li> <li>4. <b>Audit Findings Report - 2024/25 Interim Audit</b> <a href="#">↓</a></li> </ol>

**NATURE OF COUNCIL'S ROLE IN THE MATTER**

Executive

**PURPOSE OF REPORT**

This report presents an update on the Findings identified in the 2022/23 and 2023/24 Audits as well as the Interim Findings from the 2024/25 Audit to the Audit, Risk and Improvement Committee (ARIC) for consideration and, if satisfactory, recommendation to Council for noting and, where appropriate, acceptance.

**BACKGROUND**

The then Audit and Risk Committee (ARC) considered the Findings from the 2022/23 Audit at its June 2024 meeting, with Council considering the ARC's recommendations at its June 2025 Ordinary Meeting where it resolved (in part) (170625) to accept the residual risk on twelve (12) audit items:

***“That, with regard to the Minutes and Recommendations of the Audit and Risk Committee Meeting held on 11 June 2024, Council:***

1. ***Receives the Unconfirmed Minutes of the Audit and Risk Committee (the Committee) Meeting held on 11 June 2024, as presented in Appendix 1, and by adopting the following recommendations of the Committee, Council:***
  - a. ***Accepts the actions taken and residual risk for the following twelve (12) Findings:***
    - i. ***Lack of segregation of duties with purchasing***
    - ii. ***Untimely preparation of accounts payable reconciliations***
    - iii. ***Conflict of interest declarations not completed timely***
    - iv. ***Network user access and Altus user privileges***
    - v. ***Fortnightly payroll reconciliations***
    - vi. ***Management oversight of capital projects***
    - vii. ***Fair value of other infrastructure – frequency of valuations***
    - viii. ***Transfer between reserves***

- ix. Untimely approval of purchase orders**
- x. Leave balances excluded from provisions**
- xi. Untimely credit card termination/destruction**
- xii. Guidelines for general journals”**

Officers have continued to report through the ARC to Council on both the Findings from the 2022/23 and 2023/24 Audits, with Council last considering the ARC’s recommendations at its June 2025 Ordinary Meeting where it resolved (170625):

**“That, with regard to the Minutes and Recommendations of the Audit and Risk Committee Meeting held on 10 June 2025, Council:**

- 1. Receives the Unconfirmed Minutes of the Audit and Risk Committee (the ARC) Meeting held on 10 June 2025, as presented in Appendix 1, and by adopting the following recommendations of the ARC, Council:**
  - a. Notes the change of title of Council’s Audit and Risk Committee to the Audit, Risk and Improvement Committee.**
  - b. Adopts the reviewed Terms of Reference for the Audit, Risk and Improvement Committee, as presented in Appendix 1.**
  - c. Appoints Shona Zulsdorf as the Presiding Member and Justin Lee as the Deputy Presiding Member of the Shire of York Audit, Risk and Improvement Committee.**
  - d. Approves the meeting sitting fee for the Presiding Member of the Shire of York Audit, Risk and Improvement Committee of \$250, to be reviewed once the Salaries and Allowances Tribunal has released its Determination on the matter.**
  - e. Directs the Chief Executive Officer to advertise for the external members of the Shire of York Audit, Risk and Improvement Committee, with the nominations to be presented to the Audit, Risk and Improvement Committee’s September 2025 Ordinary Meeting, noting the anticipated appointment will be effective from the October 2025 Ordinary Local Government Election.**
  - f. Notes the progress made to date in relation to the Strategic Risk Register.**
  - g. Requests the Chief Executive Officer to present a Risk Management Update, including specific reporting on the Strategic Risk Register, to the Audit and Risk Committee at its September 2025 meeting.**
  - h. Receives the status update on progress towards the remaining ten (10) Findings of 2022/23 and eleven (11) new Findings from 2023/24 audit, as detailed in this report, noting those which are resolved or the intended timeframe for completion.**
  - i. Requests the Chief Executive Officer to provide an update on the Findings identified during the 2023/24 Audits and 2024/25 Interim Audit to the Audit and Risk Committee at its September 2025 meeting.**

In accordance with point *i.* of the above Resolution, this report provides a risk assessment of each Finding, controls that have been put into place and identifies whether further treatment of the risk is required or if Officers are recommending the action taken and residual risk is acceptable.

As with the June 2024 Resolution, Officers now present the actions undertaken to treat the risks identified and request that ARIC and Council accept the residual risk.

Also, in accordance with point *i.* of the above Resolution, Officers present the Findings from the Interim Audit for the 2024/25 financial year for noting.

## **COMMENTS AND DETAILS**

The Auditor’s Findings Report is presented in Appendix 1 and Appendix 2 for the 2022/23 and 2023/24 Audits respectively. The Findings are rated by the Auditors as Significant, Moderate or Minor (defined below).

<b>Significant</b>	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.
<b>Moderate</b>	Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
<b>Minor</b>	Those findings that are not of primary concern but still warrant action being taken.

Officers have applied the Risk Management Procedures, as outlined in the Shire's Risk Management Framework, to assess the risks to the organisation for each of the Findings:

1. Each Finding has been risk assessed based on the existing controls being in place and given an overall Risk Rating.
2. Based on the additional controls put in place, as recommended by the Auditors or identified by Shire Officers, the effectiveness of these controls has been identified and a Residual Risk Rating provided.
3. Based on the Residual Risk Rating an assessment of the acceptance level of the residual risk has been made. Where the residual risk is considered unacceptable, further treatment is recommended.

The Audit Findings and risk assessment have been uploaded into the Shire's strategic planning and reporting software, Cascade. This allows individual actions to be allocated to Officers and progress tracked and reported on.

The Audit Plan is presented in Appendix 3.

Officers are seeking recommendation from the ARIC to Council, to Accept the residual risk for the following seven (7) completed items of the twenty-two (22) from the 2022/23 Audit Findings:

1. Depreciation of assets
2. Audit readiness and quality of financial and supporting documentation
3. Untimely preparation and review of the property, plant and equipment reconciliation
4. Asset revaluations
5. Works in progress for capital projects
6. No asset addition forms
7. Assets with no depreciation

Officers are seeking recommendation from the ARIC to Council, to Accept the residual risk for the following four (4) completed items of the eleven (11) from the 2023/24 Audit Findings:

1. Lack of control on tracking usage of inventory
2. Inappropriate User Access in Synergy
3. Untimely review of the credit card policy
4. Former employee listed as authorised signatory in AMP Bank Confirmation

From both the 2022/23 and 2023/24 Audits the following Findings require treatment to bring the risk to an acceptable level:

1. Untimely preparation and review of bank reconciliations
2. Monitoring of grants income and expenses
3. Plant recovery cost base rate and indirect/overhead cost allocation rate
4. Unrecorded liabilities (complete but needs monitoring to ensure success)

## 5. Old PPE Assets carried in the Fixed Asset Register

Findings identified as part of the Interim Audit conducted by contract auditors Nexia are presented in Appendix 4 along with the Management Comment. It is positive to note that there were only eight (8) findings, plus one (1) suggested business improvement opportunity, demonstrating the Shire's commitment to resolving audit issues over several years. Both two (2) Significant Findings have occurred in prior years and progress reported to the ARC regularly.

Bank reconciliations remained a Significant item at the Interim Audit. While reconciliations are now up to date to June 2025, the treatment plan for this Finding needs longer term assessment to determine its effectiveness. This will be tested by contract auditors, Nexia, at the October 2025 site visit and a determination made. The second Significant item, Untimely recording of depreciation, is now complete and the residual risk presented to ARIC for recommendation to Council.

### OPTIONS

The ARIC has the following options:

**Option 1:** The ARIC could choose to recommend to Council that it accepts the controls put in place and Residual Risk for eleven (11) of the Findings and notes no further treatment is required.

**Option 2:** The ARIC could choose to recommend to Council that further treatment is required for all or a selection of the Findings.

Option 1 is the recommended option, with the acknowledgement that ongoing assessment and identification of opportunities for improvement will occur for those considered at an Acceptable risk level.

### IMPLICATIONS TO CONSIDER

#### Consultative

Executive Leadership Team

Moore Australia

#### Strategic

Council Plan 2025-2035

Pillar 5: Strong governance, responsive leadership

Community-informed, responsive leadership and strong governance.

#### Policy Related

G17 Integrated Planning and Reporting - Planning

G19 Risk Assessment and Management

#### Financial

There are no direct financial implications relating to the risk assessment of the Audit Findings.

#### Legal and Statutory

Section 7.12A of the *Local Government Act 1995* is applicable and states:

##### ***“7.12A. Duties of local government with respect to audits***

(1) *A local government is to do everything in its power to —*

(a) *assist the auditor of the local government to conduct an audit and carry out the auditor's other duties under this Act in respect of the local government; and*

(b) *ensure that audits are conducted successfully and expeditiously.*

- (2) *Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.*
- (3) *A local government must —*
  - (aa) *examine an audit report received by the local government; and*
  - (a) *determine if any matters raised by the audit report, require action to be taken by the local government; and*
  - (b) *ensure that appropriate action is taken in respect of those matters.*
- (4) *A local government must —*
  - (a) *prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and*
  - (b) *give a copy of that report to the Minister within 3 months after the audit report is received by the local government.*
- (5) *Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website."*

The *Local Government (Audit) Regulations 1996* provides the legislative framework for the conduct of audits in local government and the role of the ARIC in considering the results of those audits.

### **Risk Related**

The remediation of audit findings reduces financial and reputational risk for the Shire.

### **Workforce**

Where required additional resourcing has been brought in to supplement the current workforce to ensure continual treatment of identified risks.

### **VOTING REQUIREMENTS**

**Absolute Majority: No**

**RECOMMENDATION**

**That, with regard to the Update on the Findings Identified During the 2022/23 and 2023/24 Audits, the Audit, Risk and Improvement Committee recommends to Council that it:**

- 1. Accepts the actions taken and residual risk for the following eleven (11) Findings:**
  - a. Depreciation of assets**
  - b. Audit readiness and quality of financial and supporting documentation**
  - c. Untimely preparation and review of the property, plant and equipment reconciliation**
  - d. Asset revaluations**
  - e. Works in progress for capital projects**
  - f. No asset addition forms**
  - g. Assets with no depreciation**
  - h. Lack of control on tracking usage of inventory**
  - i. Inappropriate User Access in Synergy**
  - j. Untimely review of the credit card policy**
  - k. Former employee listed as authorised signatory in AMP Bank Confirmation**
- 2. Requests the Chief Executive Officer to report back on progress against the remaining five (5) Findings:**
  - a. Untimely preparation and review of bank reconciliations**
  - b. Monitoring of grants income and expenses**
  - c. Plant recovery cost base rate and indirect/overhead cost allocation rate**
  - d. Unrecorded liabilities**
  - e. Old PPE Assets carried in the Fixed Asset Register****to the Audit, Risk and Improvement Committee at its December 2025 meeting.**
- 3. Notes the Findings from the 2024/25 Interim Audit, as presented in Appendix 4.**

## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Untimely preparation and review of bank reconciliations	Yes	✓			✓
2. Lack of segregation of duties with purchasing	Yes	✓			✓
3. Untimely preparation of accounts payable reconciliation	Yes	✓			
4. Depreciation of assets	Yes	✓			
5. Conflict of interest declarations not completed timely	No	✓			
6. Audit readiness and quality of financials and supporting documentation	No	✓			
7. Network user access and Altus user privileges	No	✓			✓
8. Fortnightly payroll reconciliations	Yes	✓			
9. Untimely preparation and review of the property, plant and equipment reconciliation	Yes	✓			✓
10. Management oversight of capital projects	No	✓			
11. Asset revaluations	Yes	✓			
12. Monitoring of grants income and expenses	No	✓			✓
13. Fair value of other infrastructure – frequency of valuations	Yes	✓			
14. Transfer between reserves	No		✓		

## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

15. Untimely approval of purchase orders	No		✓		✓
16. Plant recovery cost base rate and indirect/overhead cost allocation rate	No		✓		✓
17. Leave balances excluded from provisions	No		✓		
18. Works in Progress for capital projects	No		✓		
19. No asset addition forms	No			✓	
20. Assets with no depreciation	No		✓		✓
21. Untimely credit card termination/destruction	No			✓	
22. Guidelines for general journals	No			✓	
<b>Business improvement opportunities</b>					
23. Asset Management Plan and Long Term Financial Plan					

**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.



**ATTACHMENT****SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. Untimely preparation and review of bank reconciliations****Finding**

Bank reconciliations are an essential control in managing the accuracy and completeness of the Shire's accounting records and financial statements. Bank reconciliations are also a key aspect of internal controls over cash resources. During the final audit visit, we found the June 2023 Municipal Bank, Reserve Bank and Trust Bank reconciliations were not prepared and reviewed in a timely manner. From our review we noted the below findings:

**Trust Account**

- Trust bank reconciliations for the period July 2022 – April 2023 were not prepared and reviewed until June 2023. June 2023 reconciliation was prepared and reviewed in August 2023.

**Reserve Account**

- Reserve bank reconciliations for the period July 2022 – June 2023 were only prepared and reviewed between June – August 2023.

**Municipal Account**

- Municipal bank reconciliations from July 2022 – April 2023 were not prepared and reviewed until June 2023 and June 2023 were not prepared and reviewed until August 2023.
- We noted that the municipal fund reconciled balance did not agree to the general ledger. Management was unable to provide adequate explanation on the differences totalling \$1,084.
- We noted two differences totalling \$1,165 between the bank statements and municipal bank balances per the bank reconciliation. This was due to management incorrectly including interest for future periods within the bank balance at year end.
- In the municipal bank reconciliation as at 30 June 2023, we observed over 120 reconciling items in the form of unmatched receipts and outstanding deposits dating back to June 2021. Upon investigation, we found that a substantial number of these reconciling items were in fact addressed before 30 June 2023, with only a portion of the unreconciled amount remaining. This raises concerns about the accuracy and legitimacy of the reconciliation items and the reconciliation process.

The supporting documentation for the bank reconciliations was not readily available and only provided later upon request.

**Rating:** Significant

**Implication**

The timely preparation and independent review of monthly bank reconciliations is a key control for ensuring financial transactions are valid, complete and accurately reflected in the financial records and bank accounts. This absence of this key financial control may increase the risk of fraudulent transactions, errors or omission going undetected, resulting in misstatements within the Shire's financial statements.

## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

**Recommendation**

We recommend that the Shire review its bank reconciliation processes to ensure the monthly bank reconciliations are appropriately prepared and reviewed in a timely manner. The bank reconciliation process should include ensuring supporting documentation to the reconciliation is readily available to allow the Shire to perform an effective review. The Shire should ensure an adequate level of training is provided to staff performing the reconciliation. The reviewer should also ensure that reconciling items are accurate and supported and evidence of independent review is maintained.

**Management comment**

*Agreed bank reconciliations were not conducted in a timely fashion in the 2022/23 Financial Year due to lack of staff. The financial services contract established with Moore Australia in 2023/24 has allowed for the review of the bank reconciliation process and training of finance team members. This has now been completed, and Trust accounts are up to date. The remainder of Municipal reconciliations will be completed in March 2024. This process will now be undertaken weekly for Municipal reconciliations and monthly for Trust due to the lower activity. This can be tested in the 2023/24 Interim Audit.*

**Responsible person:** Finance Manager

**Completion date:** Complete

**ATTACHMENT****SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****2. Lack of segregation of duties with purchasing****Finding**

We tested a sample of 35 transactions and found insufficient segregation of duties between the ordering of goods and or services to invoice processing and payment. Our testing identified the following:

- seven out of 35 samples where the Chief Executive Officer (CEO) approved the purchase order and the invoice for payment.
- five out of 35 samples where the Executive Manager of Corporate and Community Services (EMCCS) approved the purchase order and the invoice for payment.
- one out of 35 samples where the Executive Manager of Infrastructure & Development Services (EMIDS) approved the purchase order and the invoice for payment.
- one out of 35 samples where IT & Payroll Officer at the time had performed the PO requisition, the incurring, and receipting of goods.

We understand that the limited segregation of duties noted is exacerbated as a result of the delegated financial authority gap between the CEO and the Executive Managers (EM), being \$250,000 and \$50,000, respectively, as established in the Shire of York's Policy Manual. At present the only Officer that has delegated financial authority for transactions between \$50,000 and \$250,000 is the CEO.

This finding was first raised in 2021/22.

**Rating:** Significant

**Implication**

In the absence of sufficient and appropriate segregation of duties there is an increased risk of erroneous or fraudulent payments. Further there is a heightened risk of the Shire ordering and committing to unauthorised goods or services.

Where purchases are centralised to the individual business units, this may hamper the effectiveness of the delegated financial authority control mechanism as well as the efficiency of business operations.

**Recommendation**

The Shire should review its underlying policies, procedures, systems and controls around ordering, receipting and approving payment of goods and services. Policies and procedures implemented should ensure sufficient and appropriate segregation of duties is achieved and these should be communicated to all staff.

The Shire should also review its delegated financial authority to ensure it remains appropriate to meet the Shire's risk assessment and procurement requirements.

As part of ensuring segregation of duties, where purchases are initiated in business units that are not their own, relevant managers should undertake checks and make enquiries as necessary to verify and authorise each transaction.

## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

**Management comment**

*The Audit Regulation 17 and FM Regulation 5 consultant Armada Audit considered the concerns of the OAG and made recommendation to the Shire of York on how to adapt this process to achieve further separation. These recommendations and the Armada Audit results were provided to the OAG in 2023. Policy F2 Procurement was updated accordingly and was considered by the Audit and Risk Committee on the 12 December 2023 and adopted by Council at its 19 December 2023 OCM Resolution 121233. The policy changes were communicated to all staff in January and the new receipting process implemented from the 15 January 2024. The procurement changes were implemented in Altus procurement 14 February 2024. This can be tested in the 2023/24 Interim Audit.*

**Responsible person:** EMCCS/Finance Manager**Completion date:** Complete

## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 3. Untimely preparation of accounts payable reconciliation

**Finding**

From our review of the June 2023 accounts payable reconciliation, we noted this was not completed in a timely manner. This reconciliation is signed as prepared on 3 September 2023 and reviewed on 30 October 2023. This delay in completing the reconciliation approximately two months after year end and the review approximately two months after preparation is not considered timely.

**Rating:** Significant

**Implication**

Untimely reconciliation could result in inaccurate financial records, which have the potential of materially misstating the financial statements.

**Recommendation**

Reconciliations are prepared and reviewed in a timely manner.

**Management comment**

*Creditors Ledger for 22.23FY was not closed off until 25 July 2023 due to many 22.23 invoices not received until this date. Aged Creditors Trial Balance report was processed 3 August 2023 however there was an unknown imbalance from the aged creditors to general ledger of -\$8.33. A support request was submitted 1 September 2023 to IT Vision to review and the issue was not resolved until 20 September 2023. The final general ledger report which balanced to the aged creditors and was submitted to EMCCS for final review and signature on 30 October 2023 once all year end processed were finalised.*

*Generally, as part of the EOM process, this report will be completed on the first day of the new month for the previous month by the Accounts Payable Officer. It is then reviewed by the Finance Manager with final review and authorised by the Executive.*

**Responsible person:** Finance Manager

**Completion date:** Complete

## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 4. Depreciation of assets

**Finding**

During our testing of depreciation, we noted that the depreciation rates being applied do not appear to be related to the useful lives determined upon revaluation of assets. This has caused differences in the depreciation expense for the year ended 30 June 2023. While we understand road infrastructure assets caused a significant portion of the difference in depreciation due to the above, has now been adjusted for, this exercise has not been extended to other asset classes.

**Rating:** Significant

**Implication**

Where assets are not depreciating in line with their useful lives, there is a risk that the depreciation expense and value of Property, Plant and Equipment and Infrastructure may be materially misstated. Further where depreciation applied does not reflect an assets use, this can cause difficulties in asset management planning.

**Recommendation**

The Shire review the depreciation rates applied to all assets to ensure that they are the correct rates in-line with revaluation reports or where appropriate, updated useful life estimations.

**Management comment**

*The depreciation calculations are undertaken in accordance with Australian Accounting Standards. Errors that resulted in a misstatement of the depreciation have been found and corrected.*

**Responsible person:** Finance Manager  
**Completion date:** Complete

## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 5. Conflict of interest declarations not completed timely

**Finding**

During our testing of a tender process, we noted that the conflict of interest declaration completed by a panel member was completed 14 days after their review of the tenders.

**Rating:** Significant

**Implication**

Where tenders are assessed prior to completion of conflict of interest declarations there is a risk that conflicts are not known or considered prior to assessment of tenders. This disrupts the transparent and independent nature the tender process tries to achieve. Further, if the tender process has been compromised the Shire may be required to recommence a tender process impacting resources.

**Recommendation**

Checks are performed prior to tender evaluations being completed to ensure that all required conflict of interest declarations have been completed.

**Management comment**

*This was one instance and therefore the Shire disputes this finding as significant. Education and training of all staff involved in the tender and quoting process is ongoing and does not have a completion date.*

**Responsible person:** EMIDS  
**Completion date:** Ongoing

**Auditors' response**

Risk attached to this finding has been rated as high. Sample selected involved a conflict of interest declaration that was not completed timely by a key member of management who can override controls. The risk is exacerbated with rotations of persons in key positions.

**ATTACHMENT****SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****6. Audit readiness and quality of financials and supporting documentation****Finding**

We encountered numerous difficulties during the year end audit process. These resulted in significant adjustments to the original signed financial statements provided to the auditors on 13 October 2023. This has impacted the Shire's ability to meet their reporting requirements and be audit ready. To assist in meeting the Shire's reporting obligations, the Shire has engaged a contractor to assist in the preparation of the financial statements, key reconciliations and provide support to the Shire's finance manager.

This also resulted in significant delays in the provision of audit information. The first version of the financial statements that agreed to the underlying trial balance was only provided on 30 November 2023.

Further, there were several documents which were not received with sufficient time to facilitate audit processes. Audit instilled a deadline of 29 November for outstanding items, where these queries were unable to be resolved an assessment was made on the ability to conclude on whether sufficient audit evidence was available and where appropriate, adjustments to the financial statements have been considered.

**Rating:** Significant

**Implication**

As a result of the matters highlighted above, the financial statements approved to release by the Shire to the auditors were incorrect and did not agree to the underlying financial records. Significant additional time and effort has been committed by the audit team to try and progress this audit to a point.

Further, without timely consideration of the Shire's ability to fulfill its reporting responsibilities these may not be met.

Additionally, a delay in receiving appropriate documents and evidence can create inefficiencies and productivity of the audit. In the absence of sufficient appropriate audit evidence, we may not be able to comfortably conclude on such transactions and balances.

**Recommendation**

We recommend the Shire review its key accounting function set up to ensure that it is fit for purpose and able to meet the required deliverables. The Shire must ensure all information to support the preparation of the financial report are complete, accurate and available for the audit team to inspect.

Further, to ensure that the Shire is suitably audit ready at the commence of each phase of the audit it is preferable that the Shire utilise the varying Better Practice Guides the OAG has developed and ensure all requested information is available.



## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

**Management comment**

*The Shire can demonstrate that it commenced collecting the information requested in the PBS in April of 2023. Prior to onsite testing the majority of the PBS requirements had been collected and transmitted. There were numerous instances where audit documents were transmitted, only to be subsequently re-requested by the audit team. This pattern persisted even after the audit recommenced in January 2024, with information submitted being immediately demanded again by the OAG. It is worth noting that OAG officers frequently failed to provide adequate time for thorough responses from Shire of York staff, this will be thoroughly discussed at the Exit Interview.*

**Responsible person:** EMCCS  
**Completion date:** Completed

**Auditors' response**

We acknowledge there were few instances of duplicated requests which were experienced due to Mimecast downloads not being originally received. Additional pressure and delays have been experienced by Shire staff and the audit team with not all PBC items being provided by due dates or at the commencement of the final audit. Additionally, where the financial statements are not complete and supported there is increased enquiries to validate the Shire's financial statements. We encourage the Shire to follow "Audit Readiness – Better Practice Guide" and implement quality assurance procedures as part of preparing for next year's financial statement audit. We note that the Shire engaged their contractor to address the Shire's own resource constraints.

**ATTACHMENT****SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****7. Network user access and Altus user privileges****Finding  
2023**

We found the Shire's network access management process is not fully effective. Testing identified four employees who were terminated prior to 30 June 2023 whose user accounts were not made inactive by 30 June 2023. Termination dates ranged from 16/08/2022 to 7/06/2023. For one of these accounts the last login date was after their termination date, this account does not appear to have access to Synergy or Altus Procurement. Further we found three accounts on the enabled users listing that did not appear to be employees or were not clearly identified as IT or Accounting service provider accounts, it is unclear if these accounts are appropriate.

From our review of the Altus Procurement user access and privileges listing we found that user privileges are not being appropriately restricted and controlled. Specifically, our testing identified four employees from diverse business areas that have been assigned super user privileges. From these accounts, it is possible to create, add and modify individual supplier accounts.

We were unable to perform a review of the Altus Payroll user access as the user listings for Altus Payroll were not provided to us in a timely manner allowing us to audit them.

**2022**

We found the Shire's network access management process is not fully effective. Testing identified one employee whose employment ceased on the 15 March 2022, however their network account remained active until 29 September 2022. We acknowledge that the Shire had lodged a ticket with Focus Network (IT service and management provider) to have the employee's account deactivated, however the ticket had not been processed by the service provider.

Additional audit testing confirmed the employee did not access the network from the date of their termination until the date their account was deactivated.

**Altus Payroll and Procurement User Privileges:**

From our review of the Altus Payroll and Procurement user access and privileges listing we found that user privileges are not being appropriately restricted and controlled. Specifically, our testing identified:

- Four employees from diverse business areas that have been assigned significant payroll privileges. From these accounts, it is possible to:
  - o add employees, view and edit employee details (including names, date of birth, contact details, super and tax details),
  - o edit employee entitlements and
  - o manage pay runs, among other privileges.
- Three employees from diverse business areas that can override the required number of quotes imposed by the system and prescribed by the Shire's Procurement Policy.
- Four employees from diverse business areas that have been assigned super user privileges. From these accounts, it is possible to create, add and modify individual supplier accounts.

In addition, the Shire does not perform regular reviews of user access and privileges to validate the appropriateness of these.

## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

**Rating:** Significant**Implication**

Without an effective user access management process in place, there is an increased risk that these accounts could be used to gain unauthorised access to the network or systems. Such access could involve access to or making copies of confidential documents or amendment or deletion of Shire records.

Where user privileges are assigned inappropriately, or they are no longer required to meet business requirements, there is an increased risk of unauthorised access and inappropriate changes being made within systems that may go undetected. This can result in deviations from internal policies and management directives as well as the occurrence of errors and/or fraudulent activities. This risk is increased where regular review of the appropriateness and validity of user access and privileges is not performed.

**Recommendation**

The Shire should implement a user access and privileges monitoring process to ensure only current and valid users are able to access the Shire's network and systems. This process should be extended to include validation of all privileges assigned to each user that are consistent with the positions' roles and responsibilities. Where user accounts and/or privileges are no longer required, they should be immediately removed or updated.

**Management comment**

*The Shire remains comfortable with the level of access provided. Regular audits are now conducted and the exit process updated to ensure removal of users from all systems.*

*The fortnightly payroll audit shows additions and subtractions of staff within the Definitiv system. This system generated report is reviewed by Finance Officer – Creditors, Finance Manager and EMCCS.*

*A policy position that assigns user access by position remains to be developed.*

**Responsible person:** EMCCS**Completion date:** December 2024

## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 8. Fortnightly payroll reconciliations

**Finding**

As part of our testing of design and implementation of payroll controls we were unable to be provided any fortnightly payroll reconciliations completed during the 2023 financial year. The Shire informed us that they were completed for the first half of the financial year however were unable to be located due to staff changes and reconciliations were not performed for the second half of the financial year due to new staff.

**Rating:** Significant

**Implication**

Where payroll reconciliations are not completed, there is a risk the General Ledger is inaccurate and not a complete representation of payroll related payments. Inadequate independent review of the payroll reconciliations increases the risk of errors, omissions or fraud going undetected.

**Recommendation**

The Shire should ensure that fortnightly payroll reconciliations are adequately performed, and evidence of independent review is retained. Further the Shire should ensure that documentation is stored in locations that are known and accessible to relevant staff.

**Management comment**

*This process is now in place and with regular reconciliations being conducted. These are prepared by the Finance Officer – Payroll and reviewed by the Finance Manager. A further review is conducted by the EMCCS. This can be tested in the 2023/24 Interim Audit.*

**Responsible person:** Finance Manager  
**Completion date:** Complete

## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 9. Untimely preparation and review of the property, plant and equipment reconciliation

**Finding**

During the audit visit, we noted that Property, Plant and Equipment (PPE) was only reconciled as at 30 June 2023. This reconciliation was completed and reviewed in October 2023, almost four months after the end of the financial year

This finding was first raised in 2021/22.

**Rating:** Significant

**Implication**

PPE account reconciliations not prepared and reviewed in a timely manner increase the risk of unreconciled items and errors being undetected and/or not promptly corrected.

**Recommendation**

We recommend the Shire prepare and review its PPE account reconciliations in a timely manner.

**Management comment**

*Persistent delays in finalising the Annual Financial Report have once more hindered the timely completion of procedures for the 22/23 Financial Year. This ongoing delay prevents the initiation of new fiscal year asset transactions and disposals until the previous year's financials have been officially adopted.*

**Responsible person:** Finance Manager

**Completion date:** June 2024

**Auditor's response**

This comment should not be tied to the audit. If the amendments to the FAR or GL are required as a result of the audit, then these are performed at the times as required. The 2021-22 audit opinion issued on 6 April 2023 - not relevant to the FY2022-2023.

## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 10. Management oversight of capital projects

**Finding**

Prior to this financial year, the Audit and Risk Committee (ARC) were provided a mid-year budget review which contained a detailed project-level breakdown of all capital projects, showing the budgeted expenditure, actual expenditure and variances. The ARC are no longer provided this detailed breakdown, they are only given financial statement-level breakdowns. Without the regular and detailed review of these projects, there is a lack of management oversight of capital projects.

**Rating:** Significant

**Implication**

Without oversight of capital projects, there is an increased risk that projects are not managed effectively which can lead to project failure and financial loss.

**Recommendation**

The Shire should ensure there is regular oversight of capital projects by the ARC or other members of management.

**Management comment**

*Formerly the Shire adopted its budget at GL level and Council were presented with all material movements by GL at mid-year review. The Shire has adapted its reporting to Council in accordance with the Regulation's requirement of Nature mid-year reporting also reflects this change. Progress against capital project expenditure continues to be provided to Council via monthly financial reporting. The Shire has recently implemented the Government Frameworks Integrated Planning and Reporting System - Cascade which will provide reporting against all capital and CBP projects for Council.*

**Responsible person:** EMCCS/EMIDS

**Completion date:** Complete

## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 11. Asset revaluations

**Finding**

Management undertook a revaluation of land, buildings, and infrastructure – other structures assets as at 30 June 2023. Infrastructure assets are revalued at least every five years in accordance with the Local Government (Financial Management) Regulations 1996. The last revaluation was performed in 2018.

During our review of the revaluation and reconciliations undertaken by the Shire, the following matters were noted:

- The revaluation journals included commentary mentioning that five assets which had a total written down value of \$476,853 as at 30 June 2023 have been transferred from Buildings to Infrastructure – other structures and three assets which had a total written down value of \$122,838 as at 30 June 2023 from Infrastructure – other structures to Infrastructure – drainage. No amounts have been disclosed in the financials as 'Transfers' for these asset categories.
- Assets with a purchase price of greater than \$5,000 but as the written down value is less than \$5,000 management has revalued them down to \$0. This is incorrect application of *Local Government (Financial Management) Regulations 1996 section 17A (5)*. We noted this as part of our review of the revaluation journal, we are unsure how widespread its application to all fixed assets is.
- Executive Management have conducted their own valuation of some of the infrastructure assets. No information to demonstrate the process conducted, inputs applied or conditions assessed has been provided. The reported 2022-23 carrying value of these assets is \$1,357,051. As such we are unable to conclude on these assets. For the category of these assets, being Infrastructure – Parks & Reserves based on the sector generally we have seen an average increase of 19.2%.
- For assets transferred between categories, rather than showing them as transfers in the financial statements, the assets have been revalued to nil in their previous category and revalued upwards from nil to their new value in the new asset category. This has misrepresented the gains and losses for categories of assets which have asset transfers.
- There is a difference in the split and combination of assets between the revaluation and the fixed asset register. As there has been no reconciliation between these two reports showing which assets are split and combined amongst the reports, we are unable to conclude on the completeness and accuracy of the asset valuations and we are unable to conclude if items have been missed.

Further, a complete and accurate reconciliation from the asset register to the general ledger and financial statements has not been provided. It should include additions, disposals, transfers, revaluations and depreciation. The latest version of the reconciliation report had numerous unexplained inconsistencies. We noted the following anomalies with it:

- We were advised through our inquiries of the revaluation journal that assets had been transferred between infrastructure categories and property plant and equipment – there is no disclosure of these.
- Whilst the total written down value balances agree to the financials, it is unclear why as the revaluation, depreciation and transfer details are in many instances different or not available. A reconciliation needs to clearly explain the reason for variances and include an appropriate level of detail to enable verification of notes 8a and 9a in the financial report.

## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

**Rating:** Significant

**Implication**

Without appropriate checks and reconciliations to demonstrate and verify the completeness of the revaluation process and the asset register, there is an increased risk of material misstatement in financial reports. Further, where clear documentation is unable to be provided to support movements between balances or amounts are unreconciled there is a risk that assets may be duplicated or mistakenly removed from the asset register.

Incorrect application of legislative and accounting standard requirements increases the risk of a material misstatement within the financial report.

**Recommendation**

Management should ensure robust procedures are in place to ensure the accuracy and completeness of the fixed assets reported in the financial statements and captured through the revaluation process. Further, management should ensure documentation relating to these reconciliations is readily available.

Management should thoroughly review and analyse the balances above, errors should be corrected.

**Management comment**

*Assets subject to revaluation have been examined and all variances accounted for. This is now resolved.*

*This has highlighted the need for a thorough review of all asset classes with regard to the capturing of asset information, naming and classification. Guidance will be sought, and staff trained on the capitalisation of assets to ensure that sufficient data is captured in the finance system to ensure assets are able to be revalued.*

**Responsible person:** EMIDS/Finance Manager  
**Completion date:** June 2025



## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 12. Monitoring of grants income and expenses

**Finding**

We noted that the Shire has not implemented a standard process to monitor grant income and expenses in the 2022-23 financial year. There is no ongoing review to track grant income and expenditure other than the mid-year Budget Review and quarterly Finance and Costing review.

This issue was raised in the 2019-20 financial year and was subsequently resolved the following year in 2020-21. The grant register was then appropriately being maintained by the Finance Department with follow up from responsible officers on progress sought on a monthly basis.

However, since 2021-22 financial year, the grant register was not maintained, and we were unable to verify that regular updates were being made.

**Rating:** Significant

**Implication**

Without regular monitoring of a grant register, the Shire is exposed to an increased risk of non-compliance with agreements, unrecorded transactions in the general ledger, and undisclosed commitments in the financial statements.

In addition current practice may result in non-compliance with AASB 15 or 1058 as no assessment has been made to determine the appropriate recognition of revenue of each grant, being either on receipt or over time. Incorrect revenue recognition may cause inaccuracies in the annual financial statements and the Shire's monthly financial information meaning financial decision making may be ill-informed.

**Recommendation**

The Shire should review its current practice and implement a standard process to ensure its grant register is appropriately maintained to address the risks noted above.

The Shire should retrospectively complete a detailed revenue recognition assessment of its grant revenue streams. This is to conclude if a particular grant revenue stream or transaction arises from an enforceable contract with a customer and has sufficiently specific performance obligations. The assessment will trigger the revenue recognition requirements under AASB 15, or if it falls outside this scope, under AASB 1058, so that revenue is not misstated for the 2023-24 financial year.

**Management comment**

*Historically an excel workbook has been used for the Grants Register where every Responsible Officer is required to add any new grants and update any other relevant information. Senior Finance Officer would update income and expenditure monthly and email register to all staff each month for review and update.*

*This register has been superseded by the Government Frameworks IPR software which will be implemented in 2024. Progress can be tested during Interim and Final Audits for 2023/24.*

**Responsible person:** Finance Manager

**Completion date:** December 2024

**Auditor's response**

Given the completion date is December 2024, the Shire should consider putting processes in place to ensure their grant revenue at 30 June 2024 is correctly stated. We encourage to revisit interim measures to ensure they comply with the accounting standards.

## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 13. Fair value of other infrastructure – Frequency of valuations

**Finding**

From the asset category Infrastructure – Parks and Reserves reported in Note 9(a), we noted a number of assets with a carrying value of \$1,357,051, as at 30 June 2023, have not been revalued with sufficient regularity, as required by Regulation 17A(4A)(b) of the Local Government (Financial Management) Regulations 1996, since 2017-18.

Further, on review of the asset category of Infrastructure – Other Structures reported in Note 9(a) of the financial report at the carrying value of \$4,845,335, it is unclear if all the assets have been appropriately revalued and recorded in the asset register. On review of management comments we noted the following:

- Some assets noted as recategorised, on review of the asset details and revaluations we were unable to verify that these assets have been recategorised.
- Management comments for several assets include comments to the effect that no valuation was provided due to incorrect asset class or further investigation required with clarity required for what infrastructure exists in this asset and assets details unknown, new detailed asset added to register.

**Rating:** Significant

**Implication**

Without a robust assessment of fair value of the Shire's Other infrastructure assets, there is a risk that the carrying value of these assets is not reflected at fair in compliance with *AASB 13 Fair Value Measurement*, as well as Regulation 17(A) of the Regulations.

Further, where it is unclear if the asset listings are complete or correct, we are unable to form an opinion as to the value of these balances.

**Recommendation**

The Shire should perform a review of their asset register to ensure it is complete and sufficiently detailed to enable assets to be readily identified. Further, where items have not been revalued in the previous five years, a valuation of these other infrastructure assets is performed in accordance with *AASB 13 Fair Value Measurements* and assumptions and methodologies applied meet the expectations of the Shire. Fair Value movements should be understood and be able to be explained in accordance with the Shire's understanding of its operations. The Shire needs to ensure valuations are conducted every five years in accordance with Regulation 17(A) of the Regulations.

**Management comment**

*This has been resolved.*

**Responsible person:** EMCCS/Finance Manager  
**Completion date:** Complete

## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 14. Transfer between reserves

**Finding**

We noted that the trial balance indicates that there was a \$100,000 transfer from Recreation Reserve to Swimming Pool Reserve. This transfer was budgeted to take place in 2022 however this was completed in 2023, it is missing from the financial statements.

**Rating:** Moderate**Implication**

Inconsistency between the trial balance and financial statements is misstatement of the financial statements and can lead to the financial statements being materially misstated.

**Recommendation**

Financial statements should be adjusted to reflect the transfer.

**Management comment**

*Advice was sought on the treatment of this item from DGLSC. Their advice is as follows:*

*With the Swimming Pool Reserve, as the \$100,000 transfer was not undertaken in 2021-22 and there is no council resolution in 2022-23 to authorise a \$100,000 transfer from the Recreation Reserve, I don't believe there is any authority to make the transfer. Note: (1) As the 2022-23 Budget showed the Swimming Pool as having an opening balance of \$100,000, there was no authority in the budget document to transfer \$100,000 from the Recreation Reserve. (2) To rectify this, I would suggest putting an item in the Budget Review that is due to Council by 31 March 2024, to transfer \$100,000 from the Recreation Reserve to the Swimming Pool Reserve as previously flagged by Council, and then do a local public notice. The alternative is to wait for the 2024-25 Budget.*

*The Shire proposes to seek approval for the transfer in the 2023/24 FY via mid-year review and to undertake the required public notice.*

**Responsible person:** Finance Manager  
**Completion date:** March 2024

## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 15. Untimely approval of purchase orders

**Finding**

Our testing identified four instances where the purchase orders were raised and approved after the receipt of invoices.

This finding was first raised in 2021-22.

**Rating:** Moderate

**Implication**

Purchases made without authorised purchase orders may increase the risk of unauthorised expenditure occurring and going undetected. Further it is more difficult for the Shire to track whether expenditure incurred is in line with budgets or expectations and is dependent on the receipt of a tax invoice.

**Recommendation**

Purchase orders are an important control in the procurement process as they ensure purchases are appropriate, necessary and comply with procurement policies prior to the receipt of goods or services.

The Shire should ensure that purchase orders are raised and approved prior to the ordering of goods and or services.

**Management comment**

*As noted in previous responses, management resolves this via education and training at induction and its annual procurement refresher. Non-compliance is tracked by the Finance team and provided to supervisors to action via the appropriate HR processes.*

**Responsible person:** All supervisors  
**Completion date:** Ongoing

## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 16. Plant recovery cost base rate and indirect/overhead cost allocation rate

**Finding**

From our testing we noted the following rates used by the Shire to capitalise costs to infrastructure projects have not been reviewed in recent years. We understand the last review was performed in 2006.

- Plant recovery cost base rates used for capitalising plant costs to projects.
- The rate used for indirect and overhead cost allocation to projects by the Shire which has been determined as 140%.

From our testing we deemed the impact to be immaterial.

This is the fourth year we are raising this finding.

**Rating:** Moderate

**Implication**

The use of outdated base rate for plant recovery cost and the application of indirect/overhead cost recovery rate increases the risk of the project/fixed assets costs being misstated.

**Recommendation**

The Shire should review the base rate for plant recovery costs and the indirect/overhead cost recovery rate to determine their currency and accuracy.

**Management comment**

*This work has not been completed but assistance in ensuring a robust process has been sought via the contract with Moore Australia.*

**Responsible person:** Finance Manager

**Completion date:** December 2024

**Auditor's response**

This finding has been raised for four years, the rate was last reviewed in 2006. We note the completion date is after the conclusion of the 30 June 2024 financial year. There is greater risk that these rates are no longer fit for purpose.

## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 17. Leave balances excluded from provisions

**Finding**

During our testing of leave balances, we noted the following discrepancies:

- Four employees which were terminated after 30 June 2023 had their leave balances excluded from the provision calculations for annual and long service leave
- We noted there were many casual employees with no long service leave balance
- We noted one employee who transferred to the Shire in October 2022 which has not had their transferred leave balances recognised at 30 June 2023 or to date based on enquiry with shire staff
- One casual employee had been incorrectly set up in the system and was accruing annual leave which they were not entitled to.

**Rating:** Moderate

**Implication**

Where leave balances are being excluded or not recording correctly, there is a risk that provisions balances are misstated.

**Recommendation**

Leave provisions are reviewed against employee listings to ensure all employees accruing leave, should be and any employee with nil leave balances are appropriate.

**Management comment**

*Delays in processing this information occurred due to lack of information/training from the Shire's payroll system support provider. This information was received in late November 2023 and will be processed prior to end June 2024. The incorrectly accruing leave has been corrected.*

*The Shire is unable to find any casual employees without long service leave policies in place and thus disputes this element of the finding. The Shire believes there is no requirement to consider casual staff LSL in leave provisions as the likelihood of a casual staff member meeting the minimum employment timeframes for LSL eligibility is zero.*

**Responsible person:** Finance Manager

**Completion date:** June 2024

**Auditor's response**

The listing of casual employees which were not included as part of Long Service Leave (LSL) calculations had been provided to the Shire on 20 November 2023. We were provided a response that some of the employees were not considered to be entitled to LSL due to their type of work and 'period between service is greater than two weeks', this is not an indicator of a break in service under the LSL act. Without considering long service leave entitlements due to casual employees the shire may not be meeting their legal obligations.

## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 18. Works in Progress for capital projects

**Finding**

We noted that the Shire does not maintain a Works in Progress (WIP) balance for capital projects. Capital invoices are capitalised to their corresponding assets as they are incurred, irrespective of the asset's readiness or availability for use.

In addition, the Shire was unable to provide clear evidence of reconciliation of the movements during the year on an individual project basis.

**Rating:** Moderate

**Implication**

Incorrect capitalisation could result in asset, depreciation and expense accounts being misstated.

**Recommendation**

The Shire should ensure that only valid items are capitalised and develop a policy and procedure providing guidance on the accounting treatment for costs relating to capital projects.

**Management comment**

*Noted. The Shire will review this requirement to see whether it is applicable.*

**Responsible person:** Finance Manager/EMIDS

**Completion date:** December 2024

## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 19. No asset addition forms

**Finding**

We noted that the Shire do not use asset addition forms when assets are acquired and added to the asset register.

**Rating:** Minor

**Implication**

Use of asset addition forms allows the asset team to clearly communicate specific information such as useful lives and date assets were received to the finance team for input into the accounting records.

**Recommendation**

The Shire should implement the use of asset addition forms.

**Management comment**

*This recommendation is noted, we will look to implement this in 2024.*

**Responsible person:** EMIDS/Finance Manager

**Completion date:** December 2024



## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 20. Assets with no depreciation

**Finding**

From our review of the financial asset register, we identified the following:

- Six assets on the assets register for which there was no depreciation for the year. The expected depreciation at 30 June 2023 is \$43,853. The Shire has not adjusted for this error.

This finding was first raised in 2021/22.

**Rating:** Moderate

**Implication**

When assets are not assigned a depreciation rate, or when assets are not being depreciated this can lead to an understatement in depreciation expense and an overstatement in the net book value of assets being reported in the financial statements. This can also result in assets not reflecting their accurate future service potential.

**Recommendation**

The Shire should ensure that depreciation rates are assigned for asset additions on acquisition and that depreciation charge is consistently and accurately generated by the asset module. Furthermore, the Shire should review the depreciation rate of all assets to ensure they are aligned with the remaining economic benefits and future service potential of these assets.

**Management comment**

*Please see comments at Finding 11.*

**Responsible person:** EMIDS/Finance Manager  
**Completion date:** June 2025

## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 21. Untimely credit card termination/destruction

**Finding**

During our testing of purchasing cards, we noted one instance where on termination of an employee, the card was not cancelled timely. The employee was terminated on 12 May 2023 however the card was not destroyed until the 30 August 2023.

**Rating:** Minor**Implication**

Untimely cancellation of purchasing cards poses a risk that terminated staff can inappropriately use shire purchasing cards for unapproved purchases.

**Recommendation**

The Shire should ensure that credit cards are cancelled in a timely manner to mitigate the potential credit card fraud.

**Management comment**

*Although the card should have been destroyed, it was securely stored in the Shire safe and remained unused during the transition period between the departure of the outgoing EMIDS and the eventual destruction of the card. While an acting EMIDS was appointed the Shire operated only with the EMCCS card. It's important to note that a completely new and independent card was obtained for the incoming EMIDS after appointment in the new FY, ensuring no overlap or misuse of resources.*

**Responsible person:** Finance Manager**Completion date:** Completed

## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 22. Guidelines for general journals

**Finding**

We noted that current Management Guidelines General Journals procedure is still not updated. The document came into force in June 2016, and it has not been reviewed since then. It references to positions that no longer exist within the Shire and may no longer reflect processes implemented by the Shire.

**Rating:** Minor**Implication**

Where journal procedures are not regularly updated, there is a risk that they are no longer effective and do not reflect current requirements, internal practice or expectations.

**Recommendation**

The Shire should ensure that the Management Guidelines General Journals procedure is updated.

**Management comment***Noted.***Responsible person:** Finance Manager/EMCCS**Completion date:** December 2024**Auditor's response**

Given the issues that the Shire faced with journals in the FY 21-22 year, Shire should be comfortable to not have up to date guidelines for journals until December 2024. This again means the issue won't be addressed for FY 23-24, effectively taking two years to ensure appropriate guidelines are in place. Controls around journals are key (fraud risk) and one way to ensure these are understood and followed is by having up to date guidelines clearly outlining the Shire's expectations.

## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## Business improvement opportunities

## 23. Asset Management Plan and Long-Term Financial Plan

## Finding

The Shire's current Asset Management Plan (AMP) was prepared in 2019. As a result, the Long-Term Financial Plan (LTFP) is also not sufficiently updated.

This finding was first raised in 2020/21

Long term financial decisions made by the council may not be based on updated financial information.

## Management comment

*This assertion is inaccurate. The Shire finalised the update of its transport asset management plans in 2023, which played a pivotal role in shaping the 2022/23 Annual Financial Statement. It's crucial to note that the majority of the Shire's asset value is encompassed within these plans. Presently, efforts are underway to finalise the minor asset classes, including Land, Building, and Infrastructure Other.*

*Additionally, Moore Australia is currently in the process of updating the Long-Term Financial Plan. This update will incorporate insights from the Workforce Plan and the ongoing development of Asset Management Plans.*

**Responsible person:** MCCS/EMIDS

**Completion date:** May 2024

## Auditor's response

We acknowledge the Shire's work towards updating its AMP and LTFP. Land, buildings and infrastructure - other represents 26% of the Shire's Property, plant, equipment and Infrastructure.

## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Untimely preparation and review of bank reconciliation.	Yes	✓			✓
2. Lack of segregation of duties with purchasing	Yes	✓			✓
3. Fortnightly payroll reconciliations	Yes	✓			✓
4. Unrecorded liabilities	Yes	✓			
5. Untimely approval of purchase orders	No		✓		✓
6. Lack of control on tracking usage of inventory	No		✓		
7. Inappropriate user access in Synergy	No		✓		
8. Assets with zero or low carrying values in fixed assets register	No		✓		
9. Untimely review of the credit card policy	No			✓	
10. Former employee listed as authorised signatory in AMP bank confirmation.	No			✓	
11. Guidelines for general journals	No			✓	✓

**ATTACHMENT****SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****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.

## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 1. Untimely preparation and review of bank reconciliation

**Finding**

Bank reconciliations are an essential control in managing the accuracy and completeness of the Shire's accounting records and financial statements. Bank reconciliations are also a key aspect of internal controls over cash resources.

During the final audit visit, we noted that the Municipal bank, Reserve bank and Trust bank reconciliations were not prepared and reviewed in a timely manner. Bank reconciliations for all bank accounts for the period July 2023 – March 2024 were not prepared until January 2024 and not reviewed until November 2024.

For the period April 2024 – June 2024, we were unable to obtain bank reconciliations (except for the Trust bank account reconciliation for the month of April 2024). It was also noted that the bank reconciliations are prepared as a whole, without reconciling them individually.

This finding was reported in 2023.

**Rating:** Significant (2023: Significant)

**Implication**

The timely preparation and independent review of monthly bank reconciliations is a key control for ensuring financial transactions are valid, complete and accurately reflected in the financial records and bank accounts. This absence of this key financial control may increase the risk of fraudulent transactions, errors or omission going undetected, resulting in misstatements within the Shire's financial statements.

**Recommendation**

We recommend management review its bank reconciliation processes to ensure the monthly bank reconciliations are appropriately prepared and reviewed in a timely manner. The bank reconciliation process should include ensuring supporting documentation to the reconciliation is readily available to allow the Shire to perform an effective review. The Shire should ensure an adequate level of training is provided to staff performing the reconciliation. The reviewer should also ensure that reconciling items are accurate and supported and evidence of independent review is maintained.

**Management comment**

*Significant progress has been made against this item, but works are yet to be completed. Finalisation of the outstanding bank reconciliations is on track for December 2024.*

**Responsible person:** Finance Manager  
**Completion date:** December 2024

## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 2. Lack of segregation of duties with purchasing

## Finding

During the final audit, we identified four out of 28 samples with insufficient segregation of duties from the ordering of goods and services to invoice processing and payment. Our testing identified the following:

- three out of 28 samples where the Executive Manager Infrastructure and Development Service (EMIDS) approved both the purchase order and the invoice for payment.
- one out of 28 samples where the Executive Manager of Corporate and Community Services (EMCCS) approved both the purchase order and the invoice for payment.

This finding was first raised in 2021/22.

**Rating:** Significant (2023: Significant)

## Implication

In the absence of sufficient and appropriate segregation of duties there is an increased risk of erroneous or fraudulent payments. Further there is a heightened risk of the Shire ordering and committing to unauthorised goods or services.

Where purchases are centralised to the individual business units, this may hamper the effectiveness of the delegated financial authority control mechanism as well as the efficiency of business operations.

## Recommendation

The Shire should review its underlying policies, procedures, systems and controls around ordering, receipting and approving payment of goods and services. Policies and procedures implemented should ensure sufficient and appropriate segregation of duties is achieved and these should be communicated to all staff.

The Shire should also review its delegated financial authority to ensure it remains appropriate to meet the Shire's risk assessment and procurement requirements.

As part of ensuring segregation of duties, where purchases are initiated in business units that are not their own, relevant managers should undertake checks and make enquiries as necessary to verify and authorise each transaction.

## Management comment

*This was considered as part of the Audit Reg 17 and FMR Reg 5 Review in 2023. The recommendations regarding segregation of duties were received by Council at its December 2023 OCM and the corresponding updates to Policy F2 - Procurement adopted. The residual risk after the implementation of these recommendations was presented to the Audit and Risk Committee (ARC) at its June 2024 meeting. ARC considered this item and recommended to Council that appropriate adjustments had been taken to segregate purchasing duties noting that this would not always be possible. At its June 2024 Ordinary Meeting, Council agreed with the recommendation and voted to accept the residual risk.*

**Responsible person:** Executive Manager Corporate & Community Services (EMCCS)  
**Completion date:** Complete



## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 3. Fortnightly payroll reconciliations

**Finding**

As part of our testing of design and implementation of payroll controls we noted payroll reconciliation was not performed for the period July 2023 – November 2023. The Shire informed that due to staff changes, reconciliations were performed only from December 2023.

**Rating:** Significant (2023: Significant)

**Implication**

Where payroll reconciliations are not completed, there is a risk the General Ledger is inaccurate and not a complete representation of payroll related payments. Inadequate independent review of the payroll reconciliations increases the risk of errors, omissions or fraud going undetected.

**Recommendation**

We recommend management to ensure that fortnightly payroll reconciliations are adequately performed, and evidence of independent review is retained.

**Management comment**

*As noted by the auditors this process has been undertaken fortnightly since December 2023.*

**Responsible person:** Finance Manager/EMCCS

**Completion date:** Complete

## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 4. Unrecorded liabilities

**Finding**

During our testing of subsequent payments, we noted batch payments totalling \$738k made in July 2024 were incorrectly recognised in June 2024 and was not identified until audit testing. As both cash and cash equivalents and trade and other payables were materially understated at 30 June 2024, an audit adjustment was posted to the financial statements.

**Rating:** Significant**Implication**

If subsequent payments are not reviewed for additional liabilities at balance date, there is a risk of liabilities and other areas of the financial report being incomplete and materially misstated.

**Recommendation**

We recommend that management puts in place a process to ensure that year-end invoices are captured appropriately in the correct period.

**Management comment**

*Noted. A process will be developed to prevent recurrence of this incorrect posting.*

**Responsible person:** Finance Manager**Completion date:** April 2025

## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 5. Untimely approval of purchase orders

**Finding**

The Shire's procurement process requires purchase orders to be raised before a purchase is made. Based on our testing of expenditure transactions, we identified three out of 28 purchase orders sampled that were raised after the respective invoices were received.

This finding was first raised in 2021-22.

**Rating:** Moderate (2023 : Moderate)

**Implication**

Purchases made without authorised purchase orders may increase the risk of unauthorised expenditure occurring and going undetected. Further it is more difficult for the Shire to track whether expenditure incurred is in line with budgets or expectations and is dependent on the receipt of a tax invoice.

**Recommendation**

Purchase orders are an important control in the procurement process as they ensure purchases are appropriate, necessary and comply with procurement policies prior to the receipt of goods or services.

We recommend management to ensure that purchase orders are raised and approved prior to the ordering of goods and or services.

**Management comment**

*At its June 2024 meeting the Audit and Risk Committee (ARC) considered this item and recommended to Council that appropriate controls were in place and that the treatment for non-compliance would be education and training followed by a HR process where applicable. At its June 2024 Ordinary Meeting Council agreed with the recommendation of the ARC and voted to accept the residual risk.*

**Responsible person:**

EMCCS

**Completion date:**

Complete, oversight of this item will always be ongoing.

## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 6. Lack of control on tracking usage of inventory

**Finding**

During the final audit, we identified that although the value of inventory is immaterial, the inventory valuation report was completed on 8 July 2024 and since movement of fuel in and out is not tracked, it is not possible to assess if quantity and valuation of inventory at year-end is appropriately stated.

**Rating:** Moderate**Implication**

There is an increased risk of inappropriate usage of inventory in the absence of controls around inventory. There is a further risk that inventory may not be fairly stated at year-end.

**Recommendation**

We recommend management puts in place a more stringent tracking mechanism for usage of inventory in order to mitigate any inappropriate usage and / or incorrect recognition of inventory balance.

**Management comment**

*Agreed. This was identified as a weakness particularly in relation to fuel supplies where the largest variance has been recorded. The installation of a new fuel tank will require the immediate recording of information and should prevent recurrence.*

**Responsible person:** Executive Manager Infrastructure and Development Services (EMIDS)

**Completion date:** January 2025

## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 7. Inappropriate user access in Synergy

**Finding**

From our review of the Synergy user access list, we found that the Financial Manager has super user access which is deemed inappropriate.

**Rating:** Moderate

**Implication**

Access privileges for users beyond those necessary to perform their assigned duties might result in the recording of unauthorised, non-existent or inaccurate transactions, improper changes to data, or destruction of data.

**Recommendation**

Super user access should be limited to privileged users (ideally in the IT service providers/IT departments).

**Management comment**

*At its June 2024 meeting the Audit and Risk Committee (ARC) considered this item and recommended to Council that appropriate access was in place. At its June 2024 Ordinary Meeting, Council agreed with the recommendation of the ARC and voted to accept the residual risk.*

*Noting the recommendation of the auditors, the Shire will trial a restricted access for the Finance Manager for a period of six months from January 2025 assessing the impact upon financial operations. Should this be successful the restricted access will be put in place permanently.*

**Responsible person:** EMCCS  
**Completion date:** June 2025

## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 8. Assets with zero or low carrying values in fixed assets register

**Finding**

During our testing of property, plant and equipment, we noted a number of old assets within furniture and equipment (acquired in the 1990s) with zero or low carrying values included in the Fixed Asset Register (FAR).

**Rating:** Moderate

**Implication**

The accumulation of numerous low value assets in the FAR can impact the efficiency of asset management and may lead to potential inaccuracies in financial reporting. Also, the FAR might be carrying assets which no longer physically exist at the Shire.

**Recommendation**

It is recommended for the Management to periodically review the FAR along with physical existence of assets to ensure the FAR carries only those assets which are in use by the Shire.

**Management comment**

*For surety we will complete a review of all older assets with a low carrying value and remove any found to no longer be in use. Asset addition and disposal processes are already in use by the Shire however, we acknowledge there may be items that were disposed of prior to the commencement of these processes which warrant investigation and appropriate treatment.*

**Responsible person:** Finance Manager

**Completion date:** June 2025

## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 9. Untimely review of the credit card policy

**Finding**

During the audit, it was noted that the Shire's corporate credit card policy has not been reviewed by management since August 2022.

**Rating:** Minor

**Implication**

Untimely review and update of the credit card policy poses a risk that the control procedure is implemented is outdated or inappropriate.

**Recommendation**

We recommend management to review the credit card policy on an annual basis and update the procedure in line with Shire's internal control.

**Management comment**

*The review period of all policies was considered as the Shire moved to its Integrated Planning and Reporting software. It was identified that a two-year review of Policy F6 – Corporate Credit Card Policy was sufficient, thus Policy F6 was not due for review within the reporting period. The current policy has been reviewed by the Executive Leadership Team and there are no circumstances that require amendments. Officers will present this to Council for noting in December 2024.*

**Responsible person:** EMCCS  
**Completion date:** December 2024

## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 10. Former employee listed as authorised signatory in AMP bank confirmation

**Finding**

Upon review of the AMP bank confirmation as at 30 June 2024, it was identified that a former employee who was terminated on 12 May 2024 was still listed as an authorised signatory with the bank.

**Rating:** Minor

**Implication**

There is the risk that the parties no longer associated with the Shire have access to the Shire's bank accounts and may result in unauthorised access or processing of unauthorised payments.

**Recommendation**

It is recommended management removes terminated employees as authorised bank signatories.

**Management comment**

*Noted. We have instructed the bank to remove the terminated employee. We note that our new Finance Manager was not added as an authorised signatory as per our May 2024 instruction and are seeking correction to this also.*

**Responsible person:** Finance Manager/EMCCS

**Completion date:** Complete



## ATTACHMENT

## SHIRE OF YORK

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 11. Guidelines for general journals

**Finding**

We noted that current Management Guidelines General Journals procedure is still not updated. The document came into force in June 2016, and it has not been reviewed since then. It references to positions that no longer exist within the Shire and may no longer reflect processes implemented by the Shire.

**Rating:** Minor (2023: Minor)

**Implication**

Where journal procedures are not regularly updated, there is a risk that they are no longer effective and do not reflect current requirements, internal practice or expectations.

**Recommendation**

The Shire should ensure that the Management Guidelines General Journals procedure is updated.

**Management comment**

Noted.

**Responsible person:** Finance Manager  
**Completion date:** January 2025



## AUDIT SNAPSHOT

04/09/2025

### AUDITS PLAN

### AUDIT FINDINGS 2022/23

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
<b>Untimely preparation and review of bank reconciliations</b>	Significant	Yes	The timely preparation and independent review of monthly bank reconciliations is a key control for ensuring financial transactions are valid, complete and accurately reflected in the financial records and bank accounts. This absence of this key financial control may increase the risk of fraudulent transactions, errors or omission going undetected, resulting in misstatements within the Shire's financial statements	Consequence: Moderate  Likelihood: Possible  Risk Rating: <b>High</b>	We recommend that the Shire review its bank reconciliation processes to ensure the monthly bank reconciliations are appropriately prepared and reviewed in a timely manner. The bank reconciliation process should include ensuring supporting documentation to the reconciliation is readily available to allow the Shire to perform an effective review. The Shire should ensure an adequate level of training is provided to staff performing the reconciliation. The reviewer should also ensure that reconciling items are accurate and supported and evidence of independent review is maintained.	Agreed bank reconciliations were not conducted in a timely fashion in the 2022/23 Financial Year due to lack of staff. The financial services contract established with Moore Australia in 2023/24 has allowed for the review of the bank reconciliation process and training of finance team members. This has now been completed, and Trust accounts are up to date. The remainder of Municipal reconciliations will be completed in March 2024. This process will now be undertaken weekly for Municipal reconciliations and monthly for Trust due to the lower activity. This can be tested in the 2023/24 Interim Audit.	Adequate	<b>NEW</b>  Residual Consequence: Major  Residual Likelihood: Possible  Residual Risk Rating: <b>High</b>	Treat	<b>Alina Behan:</b> Bank reconciliations have been completed up to June 2025 for Reserves, Trust and Municipal funds and will complete through the internal control process by 05/09/2025. Reconciliations are being completed manually for July and August 2025. New software has been purchased to increase the effectiveness and regularity of reconciliations. This will be implemented shortly subject to contractor availability.  04/09/2025  <b>Rebecca Palumbo:</b> 2022/23 Bank Reconciliations updated with \$10,000 of outstanding transactions. Investigation needed to determine action in regard to these outstanding items. To be actioned by June 2025 by Finance Manager.  06/06/2025	100% 100 / 100 -

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Depreciation of assets	Significant	No	Where assets are not depreciating in line with their useful lives, there is a risk that the depreciation expense and value of Property, Plant and Equipment and Infrastructure may be materially misstated. Further where depreciation applied does not reflect an assets use, this can cause difficulties in asset management planning.	Consequence: Extreme Likelihood: Possible Risk Rating: <b>Extreme</b>	The Shire review the depreciation rates applied to all assets to ensure that they are the correct rates in-line with revaluation reports or where appropriate, updated useful life estimations.	The depreciation calculations are undertaken in accordance with Australian Accounting Standards. Errors that resulted in a misstatement of the depreciation have been found and corrected.	Adequate	<b>NEW</b> Residual Consequence: Major  Residual Likelihood: Unlikely  Residual Risk Rating: <b>Moderate</b>	<b>Accept</b>	<p><b>Alina Behan:</b> Depreciation will be assessed as part of regular asset valuations and applied monthly following the acceptance of the annual Financial Report. <i>03/09/2025</i></p> <p><b>Alina Behan:</b> Resolved for 22/23 FY and 23/24. The 2024/25 FY depreciation is still to be processed for May and June. This will be concluded end September 2025 as part of the statutory Annual Financial Report submission. Depreciation will be assessed as part of regular asset valuations and applied monthly following the acceptance of the annual Financial Report. <i>03/09/2025</i></p>	<p>100% 100 / 100 -</p>

100%  
100 / 100

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
<b>Untimely preparation and review of the property, plant and equipment reconciliation</b>	Significant	Yes	PPE account reconciliations not prepared and reviewed in a timely manner increase the risk of unreconciled items and errors being undetected and/or not promptly corrected.	Consequence: Major Likelihood: Possible Risk Rating: <b>Extreme</b>	We recommend the Shire prepare and review its Property, Plant & Equipment account reconciliations in a timely manner.	Persistent delays in finalising the Annual Financial Report have once more hindered the timely completion of procedures for the 22/23 Financial Year. This ongoing delay prevents the initiation of new fiscal year asset transactions and disposals until the previous year's financials have been officially adopted.	Adequate	<b>NEW</b> Residual Consequence: Major Residual Likelihood: Unlikely Residual Risk Rating: <b>Moderate</b>	<b>Accept</b>	<b>Alina Behan:</b> Reconciliations will be prepared monthly then after the 2024/25 audited financial report is received the asset register will be rolled over and depreciation will be run. <i>03/09/2025</i> <b>Rebecca Palumbo:</b> Although not presented in findings for 2023/24 final audit it has been found as a preliminary item in the 2024/25 interim audit. Previous advice from Moore was to not reconcile assets until after the annual report has been audited as it can be difficult to report retrospective changes. <i>06/06/2025</i>	100% 100 / 100 -
<b>Asset revaluations</b>	Significant	No	Without appropriate checks and reconciliations to demonstrate and verify the completeness of the revaluation process and the asset register, there is an increased risk of material misstatement in financial reports. Further, where clear documentation is unable to be provided to support movements between balances or amounts are unreconciled there is a risk that assets may be duplicated or mistakenly removed from the asset register. Incorrect application of legislative and accounting standard requirements increases the risk of a material misstatement within the financial report.	Consequence: Major Likelihood: Possible Risk Rating: <b>Extreme</b>	Management should ensure robust procedures are in place to ensure the accuracy and completeness of the fixed assets reported in the financial statements and captured through the revaluation process. Further, management should ensure documentation relating to these reconciliations is readily available. Management should thoroughly review and analyse the balances above, errors should be corrected.	Assets subject to revaluation have been examined and all variances accounted for. This is now resolved. This has highlighted the need for a thorough review of all asset classes with regard to the capturing of asset information, naming and classification. Guidance will be sought, and staff trained on the capitalisation of assets to ensure that sufficient data is captured in the finance system to ensure assets are able to be revalued.	Effective	<b>NEW</b> Residual Consequence: Moderate Residual Likelihood: Unlikely Residual Risk Rating: <b>Moderate</b>	<b>Accept</b>	<b>Rebecca Palumbo:</b> Reviewed as part of the 2023/24 audit process and determined to no longer be a finding. Councils next fair value review is due in 2026/27 for roads, drainage, bridges and footpaths. <i>06/06/2025</i> <b>Vanessa Green:</b> Identified need for review of all asset classes and asset management procedures including capture in asset registers <i>05/06/2024</i>	100% 100 / 100 -

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Monitoring of grants income and expenses	Significant	Yes	Without regular monitoring of a grant register, the Shire is exposed to an increased risk of non-compliance with agreements, unrecorded transactions in the general ledger, and undisclosed commitments in the financial statements. In addition current practice may result in non-compliance with AASB 15 or 1058 as no assessment has been made to determine the appropriate recognition of revenue of each grant, being either on receipt or over time. Incorrect revenue recognition may cause inaccuracies in the annual financial statements and the Shire's monthly financial information meaning financial decision making may be ill-informed.	Consequence: Major Likelihood: Unlikely Risk Rating: High	The Shire should review its current practice and implement a standard process to ensure its grant register is appropriately maintained to address the risks noted above. The Shire should retrospectively complete a detailed revenue recognition assessment of its grant revenue streams. This is to conclude if a particular grant revenue stream or transaction arises from an enforceable contract with a customer and has sufficiently specific performance obligations. The assessment will trigger the revenue recognition requirements under AASB 15, or if it falls outside this scope, under AASB 1058, so that revenue is not misstated for the 2023-24 financial year.	Historically an excel workbook has been used for the Grants Register where every Responsible Officer is required to add any new grants and update any other relevant information. Senior Finance Officer would update income and expenditure monthly and email register to all staff each month for review and update. This register has been superseded by the Government Frameworks IPR software which will be implemented in 2024. Progress can be tested during Interim and Final Audits for 2023/24.	Inadequate	Residual Consequence: Major Residual Likelihood: Likely Residual Risk Rating: High	Treat	<b>Alina Behan:</b> A grant's register has been developed in Cascade but is yet to be applied. <i>04/09/2025</i> <b>Rebecca Palumbo:</b> Reviewed as part of the 2023/24 audit process and determined to no longer be a finding. Ongoing efforts are being made in improving registering and tracking grants. Work in progress. <i>06/06/2025</i>	50% 50 / 100 50% behind

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
<b>Plant recovery cost base rate and indirect/overhead cost allocation rate</b>	Moderate	Yes	The use of outdated base rate for plant recovery cost and the application of indirect/overhead cost recovery rate increases the risk of the project/fixed assets costs being misstated.	Consequence: Moderate Likelihood: Unlikely Risk Rating: <b>High</b>	The Shire should review the base rate for plant recovery costs and the indirect/overhead cost recovery rate to determine their currency and accuracy.	This work has not been completed but assistance in ensuring a robust process has been sought via the contract with Moore Australia.	Inadequate	<b>NEW</b> Residual Consequence: Moderate Residual Likelihood: Unlikely Residual Risk Rating: <b>Moderate</b>	Treat	<b>Alina Behan:</b> Overhead allocation has been reviewed for 2025/26, and minor adjustments made and appeared to be tracking well for 24/25.  Plant costings will be reviewed again as part of the 2026/27 budget process. Completion at 50% due to the need to review plant recovery costs. <i>03/09/2025</i>  <b>Rebecca Palumbo:</b> Reviewed as part of the 2023/24 audit process and determined to no longer be a finding. To be reviewed each year when preparing budget. Workshop held this week <i>06/06/2025</i>	50% 50 / 100 50% behind
<b>Works in progress for capital projects</b>	Moderate	No	Incorrect capitalisation could result in asset, depreciation and expense accounts being misstated.	Consequence: Moderate Likelihood: Unlikely Risk Rating: <b>High</b>	The Shire should ensure that only valid items are capitalised and develop a policy and procedure providing guidance on the accounting treatment for costs relating to capital projects.	Noted. The Shire will review this requirement to see whether it is applicable.	Adequate	<b>NEW</b> Residual Consequence: Moderate Residual Likelihood: Unlikely Residual Risk Rating: <b>Moderate</b>	<b>Accept</b>	<b>Rebecca Palumbo:</b> Capital Works projects completed. Outstanding projects (3) have external blockages. <i>19/07/2024</i>  <b>Rebecca Palumbo:</b> Capital works projects nearing completion. 90%+ by 30 June <i>11/06/2024</i>	100% 100 / 100 -
<b>No asset addition forms</b>	Minor	No	Use of asset addition forms allows the asset team to clearly communicate specific information such as useful lives and date assets were received to the finance team for input into the accounting records.	Consequence: Minor Likelihood: Possible Risk Rating: <b>High</b>	The Shire should implement the use of asset addition forms.	This recommendation is noted, we will look to implement this in 2024.	Effective	<b>NEW</b> Residual Consequence: Minor Residual Likelihood: Unlikely Residual Risk Rating: <b>Low</b>	<b>Accept</b>	<b>Rebecca Palumbo:</b> Reviewed as part of the 2023/24 audit process and determined to no longer be a finding. <i>06/06/2025</i>  <b>Codey Redmond:</b> Asset acquisition and disposal forms created and implemented 01/07/2024 for 2024/25 financial year <i>02/09/2024</i>	100% 100 / 100 -

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
<b>Assets with no depreciation</b>	Moderate	Yes	When assets are not assigned a depreciation rate, or when assets are not being depreciated this can lead to an understatement in depreciation expense and an overstatement in the net book value of assets being reported in the financial statements. This can also result in assets not reflecting their accurate future service potential.	Consequence: Minor Likelihood: Possible Risk Rating: <b>High</b>	The Shire should ensure that depreciation rates are assigned for asset additions on acquisition and that depreciation charge is consistently and accurately generated by the asset module. Furthermore, the Shire should review the depreciation rate of all assets to ensure they are aligned with the remaining economic benefits and future service potential of these assets.	Please see comments at Finding 11. Assets subject to revaluation have been examined and all variances accounted for. This is now resolved. This has highlighted the need for a thorough review of all asset classes with regard to the capturing of asset information, naming and classification. Guidance will be sought, and staff trained on the capitalisation of assets to ensure that sufficient data is captured in the finance system to ensure assets are able to be revalued.	Adequate	<b>NEW</b> Residual Consequence: Moderate  Residual Likelihood: Unlikely  Residual Risk Rating: <b>Moderate</b>	<b>Accept</b>	<b>Alina Behan:</b> Depreciation report will be run as part of the completion of the Annual Financial Report in September 2025, and any assets with no depreciation corrected. <i>03/09/2025</i>  <b>Rebecca Palumbo:</b> Reviewed as part of the 2023/24 audit process and determined to no longer be a finding. <i>06/06/2025</i>	100% 100 / 100 -



## AUDIT FINDINGS 2023/24

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Untimely preparation and review of bank reconciliations	Significant	Yes	The timely preparation and independent review of monthly bank reconciliations is a key control for ensuring financial transactions are valid, complete and accurately reflected in the financial records and bank accounts. This absence of this key financial control may increase the risk of fraudulent transactions, errors or omission going undetected, resulting in misstatements within the Shire's financial statements	Consequence: Moderate  Likelihood: Possible  Risk Rating: <b>High</b>	We recommend that the Shire review its bank reconciliation processes to ensure the monthly bank reconciliations are appropriately prepared and reviewed in a timely manner. The bank reconciliation process should include ensuring supporting documentation to the reconciliation is readily available to allow the Shire to perform an effective review. The Shire should ensure an adequate level of training is provided to staff performing the reconciliation. The reviewer should also ensure that reconciling items are accurate and supported and evidence of independent review is maintained.	Significant progress has been made against this item, but works are yet to be completed. Finalisation of the outstanding bank reconciliations is on track for December 2024.	Adequate	<b>NEW</b>  Residual Consequence: Major  Residual Likelihood: Possible  Residual Risk Rating: <b>High</b>	Treat	<p><b>Alina Behan:</b> Bank reconciliations have been completed up to June 2025 for Reserves, Trust and Municipal funds and will complete through the internal control process by 05/09/2025. Reconciliations are being completed manually for July and August 2025. New software has been purchased to increase the effectiveness and regularity of reconciliations. This will be implemented shortly subject to contractor availability.</p> <p>04/09/2025</p> <p><b>Rebecca Palumbo:</b> Progress has been made in addressing this issue in previous years.</p> <p>Reconciliation's will likely be found as an item in 2024/25. Municipal &amp; Trust reconciliations for the period July- December 2024 have been actioned with staff now clarifying unreconciled items. Staff are working on unreconciled items in the 2024/25 year before working on unreconciled items from prior years.</p> <p>06/06/2025</p>	100% 100 / 100 -

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Lack of segregation of duties with purchasing	Significant	Yes	In the absence of sufficient and appropriate segregation of duties there is an increased risk of erroneous or fraudulent payments. Further there is a heightened risk of the Shire ordering and committing to unauthorised goods or services. Where purchases are centralised to the individual business units, this may hamper the effectiveness of the delegated financial authority control mechanism as well as the efficiency of business operations	Consequence: Moderate  Likelihood: Possible  Risk Rating: High	The Shire should review its underlying policies, procedures, systems and controls around ordering, receipting and approving payment of goods and services. Policies and procedures implemented should ensure sufficient and appropriate segregation of duties is achieved and these should be communicated to all staff. The Shire should also review its delegated financial authority to ensure it remains appropriate to meet the Shire's risk assessment and procurement requirements. As part of ensuring segregation of duties, where purchases are initiated in business units that are not their own, relevant managers should undertake checks and make enquiries as necessary to verify and authorise each transaction.	This was considered as part of the Audit Reg 17 and FMR Reg 5 Review in 2023. The recommendations regarding segregation of duties were received by Council at its December 2023 OCM and the corresponding updates to Policy F2 - Procurement adopted. The residual risk after the implementation of these recommendations was presented to the Audit and Risk Committee (ARC) at its June 2024 meeting. ARC considered this item and recommended to Council that appropriate adjustments had been taken to segregate purchasing duties noting that this would not always be possible. At its June 2024 Ordinary Meeting, Council agreed with the recommendation and voted to accept the residual risk.	Effective	NEW  Residual Consequence: Minor  Residual Likelihood: Unlikely  Residual Risk Rating: Low	Accept  Rebecca Palumbo: The lack of segregation of duties in purchasing was addressed during the Audit Reg 17 and FMR Reg 5 Review in 2023. Recommendations were received by the Council in December 2023, leading to updates to Policy F2 - Procurement. The Audit and Risk Committee (ARC) reviewed the residual risk in June 2024 and recommended that appropriate adjustments had been made, acknowledging that complete segregation may not always be feasible. The Council accepted the residual risk for 2022/23 and 2023/24 at its June 2024 meeting.  06/06/2025  Vanessa Green: Council resolved to accept the residual risk  06/03/2025	100% 100 / 100 -	

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
<b>Fortnightly payroll reconciliations</b>	Significant	Yes	Where payroll reconciliations are not completed, there is a risk the General Ledger is inaccurate and not a complete representation of payroll related payments. Inadequate independent review of the payroll reconciliations increases the risk of errors, omissions or fraud going undetected.	Consequence: Major Likelihood: Possible Risk Rating: <b>Low</b>	We recommend management to ensure that fortnightly payroll reconciliations are adequately performed, and evidence of independent review is retained.	As noted by the auditors this process has been undertaken fortnightly since December 2023.	Effective	<b>NEW</b> Residual Consequence: Minor  Residual Likelihood: Unlikely  Residual Risk Rating: <b>Low</b>	<b>Accept</b>	<b>Alina Behan:</b> The fortnightly payroll reconciliation process is well embedded. The residual risk on this item is low.  <i>21/08/2025</i>  <b>Rebecca Palumbo:</b> Fortnightly payroll reconciliations have been consistently conducted since December 2023. External auditors Nexia have confirmed that this issue has been resolved and will not pose a problem in the future.  External auditors Nexia acknowledged the issue has been addressed since December 2023 and will not be an issue going forward.  <i>06/06/2025</i>	100% 100 / 100 -
<b>Unrecorded liabilities</b>	Significant	No	If subsequent payments are not reviewed for additional liabilities at balance date, there is a risk of liabilities and other areas of the financial report being incomplete and materially misstated.	Consequence: Major Likelihood: Possible Risk Rating: <b>High</b>	We recommend that management puts in place a process to ensure that year-end invoices are captured appropriately in the correct period.	Noted. A process will be developed to prevent recurrence of this incorrect posting.	Effective	<b>NEW</b> Residual Consequence: Major  Residual Likelihood: Unlikely  Residual Risk Rating: <b>High</b>	Treat	<b>Alina Behan:</b> Residual risk remains high until bank reconciliation and creditors processes are up to date and well embedded. We will review risk rating December 2025.  <i>03/09/2025</i>  <b>Rebecca Palumbo:</b> A one-time error in posting periods occurred due to staff changes at the end of the year.  Implementing robust bank reconciliations will help to promptly identify and address any future errors. The error was corrected by journaling to the appropriate period as directed by auditors.  Journaled to correct period at direction of auditors in December 2024  <i>06/06/2025</i>	100% 100 / 100 -

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Untimely approval of purchase orders	Moderate	Yes	Purchases made without authorised purchase orders may increase the risk of unauthorised expenditure occurring and going undetected. Further it is more difficult for the Shire to track whether expenditure incurred is in line with budgets or expectations and is dependent on the receipt of a tax invoice.	Consequence: Moderate Likelihood: Possible Risk Rating: High	Purchase orders are an important control in the procurement process as they ensure purchases are appropriate, necessary and comply with procurement policies prior to the receipt of goods or services. The Shire should ensure that purchase orders are raised and approved prior to the ordering of goods and or services.	At its June 2024 meeting the Audit and Risk Committee (ARC) considered this item and recommended to Council that appropriate controls were in place and that the treatment for non-compliance would be education and training followed by a HR process where applicable. At its June 2024 Ordinary Meeting Council agreed with the recommendation of the ARC and voted to accept the residual risk.	Adequate	NEW Residual Consequence: Moderate Residual Likelihood: Unlikely Residual Risk Rating: Moderate	Accept	<b>Rebecca Palumbo:</b> The Audit and Risk Committee (ARC) reviewed the untimely approval of purchase orders in June 2024 and recommended that appropriate controls were in place. The treatment for non-compliance includes education and training, followed by HR processes where applicable. The Council accepted the residual risk for 2022/23 and 2023/24 during its June 2024 meeting. <i>06/06/2025</i> <b>Vanessa Green:</b> Council resolved to accept the residual risk <i>06/03/2025</i>	100% 100 / 100 -
Lack of control on tracking usage of inventory	Moderate	No	There is an increased risk of inappropriate usage of inventory in the absence of controls around inventory. There is a further risk that inventory may not be fairly stated at year-end.	Consequence: Moderate Likelihood: Unlikely Risk Rating: Low	We recommend management puts in place a more stringent tracking mechanism for usage of inventory in order to mitigate any inappropriate usage and / or incorrect recognition of inventory balance.	Agreed. This was identified as a weakness particularly in relation to fuel supplies where the largest variance has been recorded. The installation of a new fuel tank will require the immediate recording of information and should prevent recurrence.	Adequate	NEW Residual Consequence: Minor Residual Likelihood: Unlikely Residual Risk Rating: Low	Accept	<b>Lindon Mellor:</b> New pump system in place which digitally records usage of fuel and generates reports for stock reporting. System tracks by user and plant. Responsibility for management of stock returned to the finance team. <i>24/02/2025</i>	100% 100 / 100 -

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
<b>Inappropriate User Access in Synergy</b>	Moderate	No	Access privileges for users beyond those necessary to perform their assigned duties might result in the recording of unauthorised, non-existent or inaccurate transactions, improper changes to data, or destruction of data.	Consequence: Moderate  Likelihood: Possible  Risk Rating: <b>Medium</b>	Super user access should be limited to privileged users (ideally in the IT service providers/IT departments).	At its June 2024 meeting the Audit and Risk Committee (ARC) considered this item and recommended to Council that appropriate access was in place. At its June 2024 Ordinary Meeting, Council agreed with the recommendation of the ARC and voted to accept the residual risk. Noting the recommendation of the auditors, the Shire will trial a restricted access for the Finance Manager for a period of 6 months from January 2025 assessing the impact upon financial operations. Should this be successful the restricted access will be put in place permanently.	Adequate	<b>NEW</b>  Residual Consequence: Moderate  Residual Likelihood: Unlikely  Residual Risk Rating: <b>Moderate</b>	<b>Accept</b>	<p><b>Rebecca Palumbo:</b> At its June 2024 meeting the Audit and Risk Committee (ARC) considered this item and recommended to Council that appropriate access was in place. At its June 2024 Ordinary Meeting, Council agreed with the recommendation of the ARC and voted to accept the residual risk.</p> <p>In line with the auditors' recommendation, the Shire implemented a trial of restricted access for the Finance Manager beginning in January 2025 to assess the impact on financial operations. Following a successful trial, the restricted access will now be implemented on a permanent basis.</p> <p>06/06/2025</p> <p><b>Vanessa Green:</b> Council resolved to accept the residual risk</p> <p>06/03/2025</p>	<p>100% 100 / 100 -</p>

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Old PPE assets carried in the Fixed Asset Register	Moderate	No	The accumulation of numerous low value assets in the FAR can impact the efficiency of asset management and may lead to potential inaccuracies in financial reporting. Also, the FAR might be carrying assets which no longer physically exist at the Shire.	Consequence: Moderate Likelihood: Possible Risk Rating: <span>High</span>	It is recommended for the Management to periodically review the FAR along with physical existence of assets to ensure the FAR carries only those assets which are in use by the Shire.	For surety we will complete a review of all older assets with a low carrying value and remove any found to no longer be in use. Asset addition and disposal processes are already in use by the Shire however, we acknowledge there may be items that were disposed of prior to the commencement of these processes which warrant investigation and appropriate treatment.	Inadequate	<span>NEW</span> Residual Consequence: Moderate  Residual Likelihood: Likely  Residual Risk Rating: <span>High</span>	Treat	<b>Alina Behan:</b> Review of asset register is being conducted but has not yet concluded.  <i>03/09/2025</i>  <b>Rebecca Palumbo:</b> A review of older assets with low carrying values will be conducted to remove any that are no longer in use or have fallen below material threshold. While asset addition and disposal processes are already in place, we acknowledge that some items disposed of before these processes began may require investigation and appropriate treatment. These assets will be removed from the register before the end-of-year asset reconciliation in June 2024  Assets no longer in use or immaterial were removed prior to interim audit in May 2025  <i>06/06/2025</i>	<div>82% 82 / 100 18% behind</div>

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Untimely review of the credit card policy	Minor	No	Untimely review and update of the credit card policy poses a risk that the control procedure is implemented is outdated or inappropriate.	Consequence: Moderate Likelihood: Possible Risk Rating: High	We recommend management to review the credit card policy on an annual basis and update the procedure in line with Shire's internal control.	The review period of all policies was considered as the Shire moved to its Integrated Planning and Reporting software. It was identified that a two year review of Policy F6 – Corporate Credit Card Policy was sufficient, thus Policy F6 was not due for review within the reporting period. The current policy has been reviewed by the Executive Leadership Team and there are no circumstances that require amendments. Officers will present this to Council for noting in December 2024.	Adequate	<b>NEW</b> Residual Consequence: Minor  Residual Likelihood: Unlikely  Residual Risk Rating: Low	<b>Accept</b>	<b>Alina Behan:</b> This policy is not due for review until December 2026. A minor residual risk exists as the policy will need further review in time, however this risk is mitigated by policy tracking and reporting through Cascade.  21/08/2025  <b>Vanessa Green:</b> Council considered review of credit card policy at its December 2024 OCM  06/03/2025	100% 100 / 100 -
Former employee listed as authorised signatory in AMP Bank Confirmation	Minor	No	There is the risk that the parties no longer associated with the Shire have access to the Shire's bank accounts and may result in unauthorised access or processing of unauthorised payments.	Consequence: Moderate Likelihood: Possible Risk Rating: High	It is recommended management removes terminated employees as authorised bank signatories.	Noted. We have instructed the bank to remove the terminated employee. We note that our new Finance Manager was not added as an authorised signatory as per our May 2024 instruction and are seeking correction to this also.	Adequate	<b>NEW</b> Residual Consequence: Moderate  Residual Likelihood: Unlikely  Residual Risk Rating: Moderate	<b>Accept</b>	<b>Alina Behan:</b> A greater awareness has ensured more timely removal of exiting staff from all accounts. A residual risk still exists as staff turnover continues. This risk has been reduced through the use of exit checklists to monitor the completion of this action.  21/08/2025  <b>Rebecca Palumbo:</b> Bank access updated December 2024. Continued effort to be made to remove signatories as staff changes.  06/06/2025	100% 100 / 100 -

Goal	Audit R...	Prior Y...	Implication	Risk Assess...	Audit Recommenda...	Management C...	Rate Adde...	Residual Risk R...	Trea...	Comment	Compl...
Guidelines for general journals	Minor	Yes	Where journal procedures are not regularly updated, there is a risk that they are no longer effective and do not reflect current requirements, internal practice or expectations.	Consequence: Moderate Likelihood: Possible Risk Rating: High	The Shire should ensure that the Management Guidelines General Journals procedure is updated.	Noted.	Adequate	NEW Residual Consequence: Moderate  Residual Likelihood: Unlikely  Residual Risk Rating: Moderate	Accept	<p><b>Alina Behan:</b> At it's June 2024 OCM Council voted to accept the low residual risk associated with this Audit Finding. Testing by contract auditors Nexia acknowledge that the process is being followed but not yet documented. The risk rating will remain as is until documentation has been completed.</p> <p>03/09/2025</p> <p><b>Rebecca Palumbo:</b> The Shire's current journal procedures have been deemed satisfactory by the external auditors Nexia in its 2023/24 audit process. To ensure continued accuracy and compliance, Officers will formalise the Management Guidelines for General Journals based on these existing practices. This update will be completed by 30 June 2025.</p> <p>06/06/2025</p>	100% 100 / 100 -



## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDING 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. Untimely preparation and review of bank reconciliation	Yes	✓			✓
2. Untimely recording of depreciation in the general ledger and delays in preparation of PPE and Infrastructure general ledger reconciliations	No	✓			
3. Lack of documented evidence for approval of credit card purchases	No		✓		
4. Lack of documented evidence for approval of new creditors created in the Supplier (Creditor) Masterfile	No		✓		
5. Lack of sufficient access restrictions to the Supplier (Creditor) Masterfile	No		✓		
6. Insufficient evidence of approval for changes to the Supplier (Creditor) Masterfile	No		✓		
7. Lack of documented evidence for background check of Suppliers (creditors) created in the Supplier (Creditor) Masterfile	No			✓	
8. Lack of documented evidence for approval of pay run reports	No			✓	
9. Approval of Daily Banking Summary by a Senior Authorised Officer	No	<i>Business Improvement Opportunity</i>			

**ATTACHMENT****SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****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.

**ATTACHMENT****SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****1. Untimely preparation and review of bank reconciliation****Finding**

During the interim audit visit, we noted that the Municipal bank, Reserve bank and Trust bank reconciliations were not prepared, reviewed and approved on a monthly basis. The bank reconciliations requested were not available to the auditors during the interim audit visit and were only provided subsequent to the interim audit visit. It was also noted that the bank reconciliations are prepared for all the bank accounts as a whole rather than on an individual bank account basis.

Bank reconciliations are an essential control in managing the accuracy and completeness of the Shire's accounting records and financial statements. Bank reconciliations are also a key aspect of internal controls over cash resources.

This finding was first reported in 2021.

**Rating: Significant (2024: Significant)**

**Implication**

The timely preparation and independent review of monthly bank reconciliations is a key control for ensuring financial transactions are valid, complete and accurately reflected in the financial records and bank accounts. This absence of this key financial control may increase the risk of fraudulent transactions, errors or omissions going undetected resulting in misstatements within the Shire's financial statements.

**Recommendation**

We acknowledge that management has taken measures to improve the process by hiring a separate employee for the bank reconciliation preparation. We recommend that management should ensure monthly bank reconciliations are prepared in a timely manner and are subject to a timely independent review after completion. This process should be formally documented with evidence of both preparation and review to strengthen financial oversight, enhance the accuracy of financial records, and reduce the risk of undetected errors, omissions, or fraudulent transactions.

**Management Comment**

The Shire of York acknowledges that monthly bank reconciliations have not been completed consistently over several years. Resourcing issues, staff turnover and the maturity of new staff has impacted the resolution of this issue.

Additional resourcing has been directed towards resolving the outstanding issues and while bank reconciliations are not fully up to date, significant progress has been made towards resolving historical and current unreconciled items. As at 27 June, reconciliations have been completed up to April 2025 and actions are progressing on the remaining items. The intent is that all treatments will conclude for the 2024/25 financial year and a new process will be implemented early in the 25/26 financial year. Investigations into appropriate software to assist with bank reconciliations are currently underway. A documented procedure will be drafted to ensure future consistency and accuracy.

**Responsible Person:** Manager Finance  
**Completion Date:** 31 July 2025

## ATTACHMENT

## SHIRE OF YORK

## PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025

## FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

**2. Untimely recording of depreciation in the general ledger and delays in preparation of PPE and Infrastructure general ledger reconciliations****Finding**

During the interim audit visit, we noted that depreciation related to PPE was not recorded timely in the general ledger for the period ended 31 March 2025. It was also noted that there were delays in preparing the PPE and Infrastructure general ledger reconciliations.

**Rating: Significant****Implication**

Untimely recording of depreciation and delays in preparing PPE and Infrastructure general ledger reconciliations can lead to significant accounting and governance issues. These include misstated financial statements due to overstated asset values and understated expenses and non-compliance with accounting standards.

From a governance perspective, such delays signal weak internal controls, increase the risk of fraud or asset misappropriation, and undermine the transparency and accountability of the Shire.

**Recommendation**

Management should implement a structured asset management process that includes timely depreciation recording in the general ledger, preparation of PPE and Infrastructure general ledger reconciliations (at least monthly) and clear assignment of responsibilities with documented timelines.

**Management Comment**

A lack of maturity in the finance team resulted in the under application and reporting of depreciation as part of the monthly financial reporting process. This understanding has now been corrected and a documented procedure has been developed.

**Responsible Person:** Manager Finance  
**Completion Date:** 30 June 2025

**ATTACHMENT****SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****3. Lack of documented evidence of approval of credit card purchases****Finding**

During the interim audit visit, we noted that in 1 out of the 3 samples tested for credit card purchases had no documented evidence of the purchase request form being authorised by the Chief Executive Officer (CEO) as required by the established approval procedures.

**Rating: Moderate****Implication**

There is an increased risk of material misstatements due to erroneous or fraudulent payments if the Shire's credit card policy and approval procedures are not adhered to.

**Recommendation**

Management should enforce strict adherence to its credit card usage policies by ensuring that all purchase requests are formally authorised by the designated approving officer before purchases are made. A control mechanism should be implemented to verify that all required approvals are documented and retained as part of the transaction records.

**Management Comment**

The sample documentation pertains to a purchase in the first quarter of 2024/25. During this period creditors staff had less than six months experience and did not receive sufficient training in internal controls. Training and mentoring have been provided to enhance staff knowledge.

**Responsible Person:** Manager Finance  
**Completion Date:** 30 June 2025

**ATTACHMENT****SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****4. Lack of documented evidence for approval of new creditors created in the Supplier (Creditor) Masterfile****Finding**

During the interim audit visit, we noted that 5 out of the 17 samples tested for new creditors created did not contain evidence of signature or authorisation by the Senior Finance Officer on the new creditor request forms as required by the established approval process.

**Rating: Moderate****Implication**

The absence of Senior Finance Officer authorisation on new creditor request forms indicates non-compliance with established supplier onboarding controls. There is an increased risk of material misstatement due to fraud or error through duplicate or fraudulent vendors being added to the system and unauthorized transactions.

**Recommendation**

Management should enforce the requirement for Senior Finance Officer authorisation on all new creditor request forms before creating new creditors in the Supplier Masterfile.

**Management Comment**

There is an inconsistency in the use of templates, and a lack of clear instructions. Inexperienced staff were not trained in the required processes, resulting in noncompliance. Action is necessary to implement consistent templates and develop a documented process.

**Responsible Person:** Manager Finance  
**Completion Date:** 31 December 2025

**ATTACHMENT****SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****5. Lack of sufficient access restrictions in the Supplier (Creditor) Masterfile****Finding**

During the interim audit visit, we noted that 3 out of 11 samples tested for changes made to the Supplier Masterfile were modified by individuals other than a designated Finance Officer.

**Rating: Moderate****Implication**

Allowing individuals other than the authorised Finance Officer to make changes to the Supplier Masterfile compromises the effectiveness of internal controls over supplier data management. This increases the risk of unauthorised, inaccurate, or fraudulent modifications, which can lead to payment errors, potential financial loss, and difficulties in tracing accountability.

**Recommendation**

Management should enforce the process that only a designated Finance Officer is authorised to make changes to the Supplier Masterfile. Access controls should be reviewed and restricted accordingly within the financial system to prevent unauthorised modifications.

**Management Comment**

This is a system issue which will be common to many local governments.

The Synergysoft names and address register links to a number of other modules within the system. A customer must request in writing a change to their name and address details, and this is then entered into the names and address register. A prompt appears asking whether this change is required to all modules, and the inputting officer can select which modules that the change is affected in. This includes the Supplier Masterfile if the customer has a reference there.

With the current process, changes can still only be made to ABN numbers and payment details by the finance officer so there is limited fraud risk. The only risk of fraudulent payments would be via payments made by cheque. Only a handful of these are issued per year and require two party sign off.

Staff could be requested to uncheck the option to update the Supplier Masterfile, and the written request could then be sent on to the creditors officer for a secondary process. The double handling is undesirable and could result in the update not being made in this module. There is a reputational risk involved in this as the customer expects that all aspects of their dealings with the Shire are updated with their single request.

We are unable to give a clear management response for this item as this issue needs further investigation and discussion with other local governments before a plan can be put in place.

**Responsible Person:** EMCCS  
**Completion Date:** 31 October 2025

**ATTACHMENT****SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****6. Insufficient evidence of approval for changes to the Supplier (Creditor) Masterfile****Finding**

During the interim audit visit, we noted that for 10 out of 11 samples tested for changes made to existing supplier records, there was no evidence of approval for such change by a senior officer.

**Rating: Moderate****Implication**

Given that individuals other than a senior officer having access to change the details of Supplier Masterfile, absence of an approval process for such changes creates an increased risk of material misstatement due to fraud or error.

**Recommendation**

Management should enforce an approval process by ensuring that all changes to existing supplier records receive prior authorisation from a designated authorised senior officer. Formal approval should be documented and retained as part of the transaction records.

**Management Comment**

See Point 5 for comment.

**Responsible Person:**

EMCCS

**Completion Date:**

31 October 2025



**ATTACHMENT****SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****7. Lack of documented evidence for background check of Suppliers (creditors) created in the Supplier (Creditor) Masterfile****Finding**

During the interim audit visit, we noted that 1 out of 17 samples tested for new creditors created did not contain complete creditor details in the new creditor request form and there was no evidence that Australian Business Number (ABN) verification was performed prior to adding the supplier to the system as required by procurement policy.

**Rating: Minor****Implication**

Incomplete creditor details and the absence of an ABN verification increase the risk of inaccurate or fraudulent vendor records being created which will lead to material misstatements in the financial records.

**Recommendation**

Management should ensure all new creditor request forms are fully completed and ABN check is completed before setting up new creditors in the Supplier Masterfile.

**Management Comment**

There is an inconsistency in the use of templates, and a lack of clear instructions. Inexperienced staff were not trained in the required processes, leading to a failure of internal controls. Staff are now trained in the required process.

**Responsible Person:** Manager Finance  
**Completion Date:** 30 June 2025

**ATTACHMENT****SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****8. Lack of documented evidence for approval for pay run reports****Finding**

During the interim audit visit, we noted that for 1 out of 5 samples tested for existing employees' pay runs, the pay run report was not authorised by the Executive Manager of Corporate and Community Services (EMCCS) as required by the established approval process.

**Rating: Minor****Implication**

This increases the risk of material misstatement due to fraud or error through unauthorised or erroneous payments.

**Recommendation**

Management should enforce the requirement for the EMCCS to review and authorise all pay run reports prior to processing. This approval should be formally documented and retained as part of the payroll records.

**Management Comment**

The report provided is a draft report and is a working document reviewed jointly by the payroll officer and another senior finance officer to identify errors before running the control reports. Several iterations of this report can occur each payroll. There are fifteen (15) payroll reports in total, while often reviewed and signed by the EMCCS only seven (7) form part of the control process. This finding has highlighted the need to formally document this process.

**Responsible Person:** Finance Manager  
**Completion Date:** 31 December 2025

**ATTACHMENT****SHIRE OF YORK****PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****9. Approval of Daily Banking Summary by a Senior Authorised Officer****Finding**

During interim audit visit, we noted that the Daily Banking Summary and Receipt Reconciliation is not reviewed and approved by a Senior Authorised Officer. The Shire has no policy or procedure currently which requires such approval.

**Rating: Business Improvement Opportunity****Implication**

This increases the risk of material misstatement due to fraud or error through unauthorised or erroneous transactions.

**Recommendation**

We recommend that a formal review process is implemented whereby the Daily Banking Summary and Receipt Reconciliation is reviewed and approved by a Senior Authorised Officer (preferably from Finance Department) to strengthen internal controls and enhance accuracy and accountability in cash handling and recording.

**Management Comment**

Agreed. A process will be implemented for this.

**Responsible Person:** Finance Manger  
**Completion Date:** 31 December 2025

**9.3 RISK MANAGEMENT UPDATE AS AT SEPTEMBER 2025**

<b>File Number:</b>	<b>4.8787</b>
<b>Author:</b>	<b>Anneke Birleson, Manager Governance &amp; People</b>
<b>Authoriser:</b>	<b>Alina Behan, Executive Manager Corporate &amp; Community Services</b>
<b>Previously before Council:</b>	<b>11 March 2025 (070325) 10 June 2025 (170625)</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Appendices:</b>	<b>1. Risk Dashboard <a href="#">↓</a> 2. Risk Snapshot - Summary - Confidential 3. Risk Snapshot - Detailed - Confidential</b>

**NATURE OF COUNCIL'S ROLE IN THE MATTER**

Legislative

**PURPOSE OF REPORT**

This report provides the Audit, Risk and Improvement Committee (ARIC) with an update regarding progress on the Shire's Risk Plan.

**BACKGROUND**

The Shire of York's Risk Assessment and Management Policy, in conjunction with the Risk Management Framework, sets out the Shire's approach to the identification, assessment, management and monitoring of risks.

The Shire's Risk Management Objectives are:

1. Optimise the achievement of our vision, experiences, strategies, goals and objectives.
2. Provide transparent and formal oversight of the risk and control environment to enable effective decision making.
3. Enhance risk versus return within our risk appetite.
4. Embed appropriate and effective controls to mitigate risk.
5. Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
6. Enhance organisational resilience.
7. Identify and provide for the continuity of critical operations.

It is essential to monitor and review the management of risks as changing circumstances may result in some risks increasing or decreasing in significance. By regularly reviewing the effectiveness and efficiency of controls and appropriateness of treatment/action options selected, it can be determined if the organisation's resources are being put to the best use possible.

Each Risk on the Strategic Risk Register has a set of key Controls which, in turn have Risk Actions. Each Risk, Action and Control has an Officer allocated to it and an expected timeline for completion. Officers are required to report on progress at least monthly.

## COMMENTS AND DETAILS

At its previous meetings the ARIC considered proposed reporting methods for progress updates against the Strategic Risk Register.

The ARIC approved the use of the following tools generated from Government Frameworks' Strategic Planning and Reporting software, Cascade:

1. Strategic Risk Register Dashboard
2. Strategic Risk Register Snapshot
3. Strategic Risk Register Snapshot (Detailed)

The Dashboard provides a visual overview of progress against each of the eight (8) Strategic Risks as well as an indication of how the risks are spread across the organisation.

The Snapshots provide more detail, including risk assessments and with Officer comments in relation to progress of each Risk Control and Action.

The Snapshots and the Dashboard are live tools within Cascade and Officers can drill down on specific items using the charts and tables.

## OPTIONS

The ARIC has the following options:

**Option 1:** The ARIC could recommend to Council that it notes the reporting progress made to date and requests the Chief Executive Officer to report on progress against the Strategic Risks at its December 2025 Ordinary Meeting.

**Option 2:** The ARIC could recommend to Council that it notes the progress made to date, requests further development of the reporting tools and requests the Chief Executive Officer to present the final reporting tools for approval and report on progress against the Strategic Risks at its December 2025 Ordinary Meeting.

Option 1 is the recommended option.

## IMPLICATIONS TO CONSIDER

### Consultative

Executive Leadership Team

Organisational Management Group

### Strategic

Council Plan 2025-2035

Pillar 5: Strong governance, responsive leadership

Community-informed, responsive leadership and strong governance

### Policy Related

G19 Risk Assessment and Management

### Financial

Financial implications of the proposed risk mitigation strategies are presented to Council as they emerge and inform the annual budget process.

### Legal and Statutory

Regulation 17 of the *Local Government (Audit) Regulations 1996* is applicable and states:

**“17. CEO to review certain systems and procedures**

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
  - (a) *risk management; and*
  - (b) *internal control; and*
  - (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) *The CEO is to report to the audit committee the results of that review.”*

**Risk Related**

The development and regular update of an organisational Risk Register is a risk management tool.

**Workforce**

It is proposed that risk mitigation actions are undertaken within current resources. Where additional resources are required, this will be identified and submitted as part of the annual budget process.

**VOTING REQUIREMENTS**

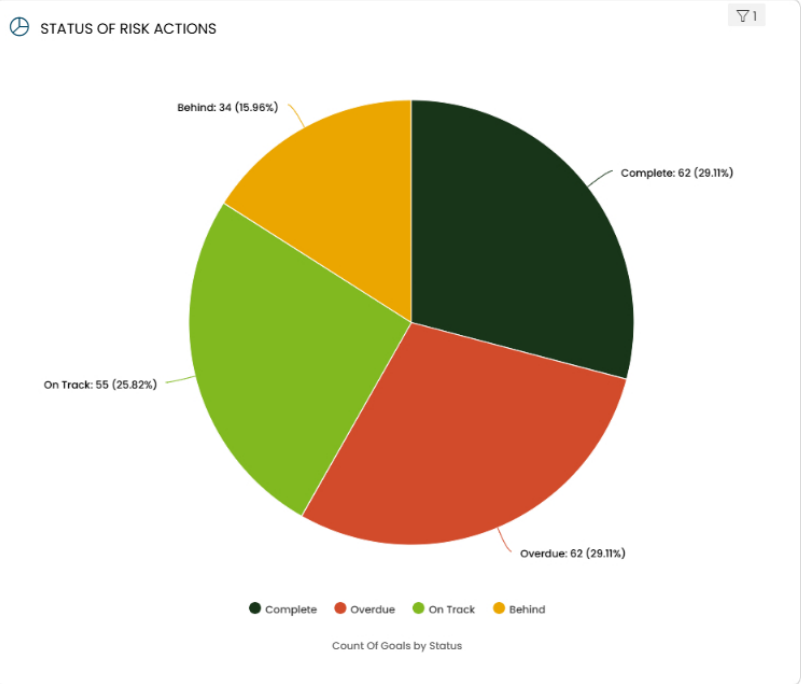
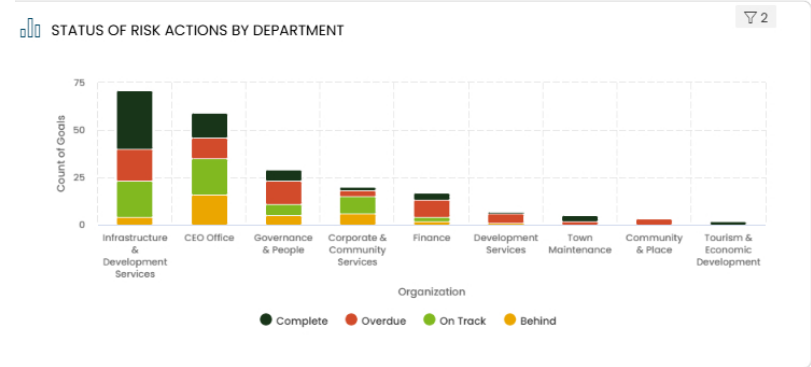
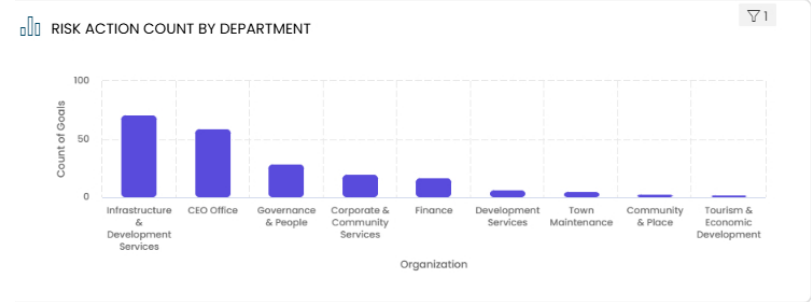
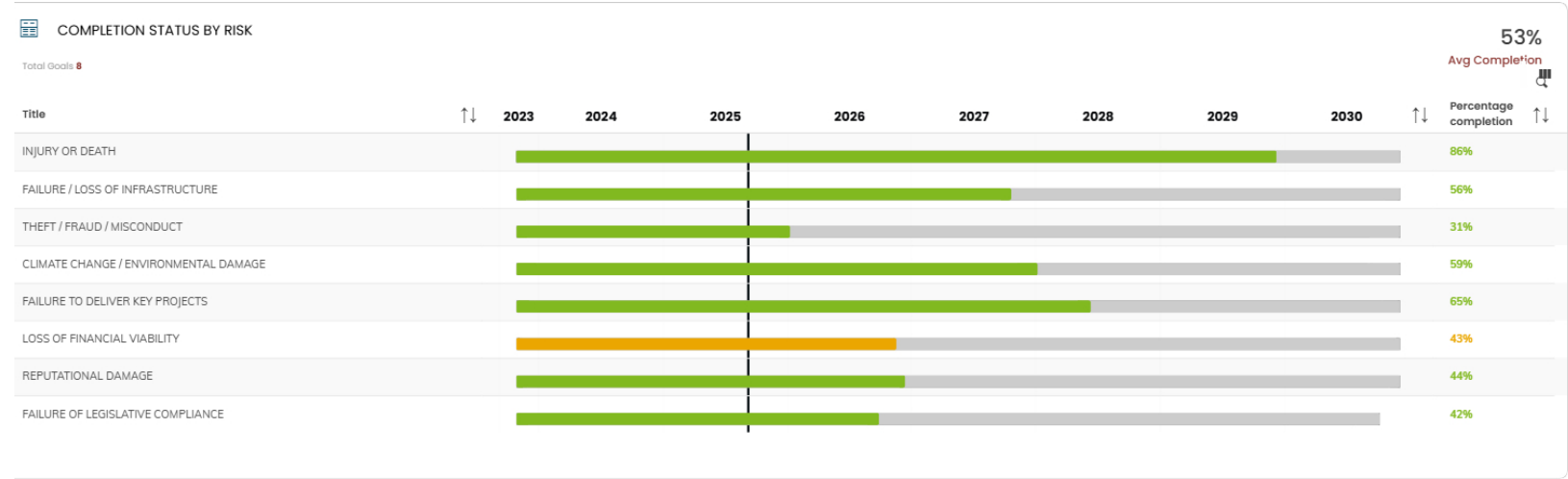
**Absolute Majority: No**

**RECOMMENDATION**

**That, with regard to the Risk Management Update as at September 2025, the Audit, Risk and Improvement Committee recommends to Council that it:**

- 1. Notes the progress made to date in relation to the Strategic Risk Register.**
- 2. Requests the Chief Executive Officer to present a Risk Management Update, including specific reporting on the Strategic Risk Register, to the Audit, Risk and Improvement Committee at its December 2025 meeting.**

STRATEGIC RISK MANAGEMENT PROGRESS OVERVIEW  
Date: 09/04/2025



**10      MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil

**11      QUESTIONS FROM MEMBERS WITHOUT NOTICE**

**12      BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF THE MEETING**

**13      CLOSURE**