

30 June 2015

The Chief Executive Officer  
Shire of York  
PO Box 22  
YORK WA 6302

Dear Sir

**RE: INTERIM AUDIT VISIT FOR THE YEAR ENDING 30 JUNE 2015**

We carried out an interim audit of the Shire of York for the year ending 30 June 2015.

Our interim audit covered a review of the accounting and internal control procedures in operation, as well as testing of transactions, in the following areas:

- Bank Reconciliations
- Investment of Surplus Funds
- Purchases
- Payments and Creditors
- Rate and Rate Debtors
- Receipts and Sundry Debtors
- Payroll
- General Accounting (Journals, etc.)
- IT Controls
- Registers (Tenders Register, etc.)
- Asset Register
- Review of Council Minutes

Our review also covered an examination of some compliance matters, which are required under the Local Government Act 1995 (as amended) and Financial Management Regulations 1996.

Please note that our examination of internal controls was carried out for audit purposes designed primarily for the purpose of expressing an opinion on the financial statements of the Shire of York.

Because of the inherent limitations of any internal control structure, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

It should be appreciated that the matters noted came to our attention during the course of our normal audit examination and as a result do not necessarily include all those matters which a more extensive or special examination might identify.

Accordingly, our comments in this management letter are not intended to cover all aspects of the Shire's internal controls and accounting systems and are limited to those matters that arose from our normal audit procedures.

The following matters were noted and are brought to your attention.

### **BANK RECONCILIATIONS**

During the audit, we noted that the bank reconciliations for the months of July 2014 and October 2014 to March 2015 did not contain any evidence of review by an independent senior officer.

We recommend that the bank reconciliations be reviewed by an independent senior officer to ensure any unusual reconciling items are investigated. The reconciliations should be initialled and dated as evidence that the review has been performed.

#### **Management Comment:**

*Until October 2014, it was procedure for a signed copy of the Bank Reconciliation to be included in meeting minutes. In addition to this, it was considered that the Bank Rec and Financials reviewed and signed for inclusion in the Finance, Risk and Audit Committee meeting agenda and again for consideration at the Council Meeting met the requirement of being reviewed by an independent senior officer.*

*Following advice from the DLGC, processes were changed whereby the Bank Reconciliation was no longer submitted to Council as part of the monthly financials however, CEO now signs a suite of financial statements which includes a review of the Bank Reconciliation.*

### **INVESTMENT OF SURPLUS FUNDS**

We conducted a review of the investment of surplus funds by the Shire at the time of our interim audit visit.

An investment policy exists, which provides general guidelines as to the levels of risk and exposure for the various types of investments that can be placed.

The Council manages its own investments and investments placed appear to be appropriately documented and authorised.

However, the following matters were noted and are brought to your attention



- (i) We noted that the reconciliations of the investment register to the general ledger are not performed on a monthly basis.

The absence of timely and complete reconciliations of the investments register may result in undetected errors or misstatements. The lack of this control feature allows for differences to occur and accumulate over a period of time.

We recommend that management review its current procedures and consider implementing monthly reconciliations of the investments register to the general ledger. This will assist to ensure that investments are correctly recorded and reported.

**Management Comment:**

*It was practice to present the Shire of York Investment Portfolio each month to Council until this was stopped by the CEO at the time, however the register was still maintained and as Term Deposits came due they would be checked against the register to compare interest etc. This process will be re-instated for the July 2015 onwards.*

- (ii) The Shire's Investment Policy stipulates that a monthly investment report is to be provided to Council after the end of that month. Our review of the Shire's minutes indicated that these reports were not provided to Council after the end of each month.

We request that the monthly investment report be submitted to Council in order to comply with the requirements of Shire's Investment Policy.

**Management Comment:**

*This process will be re-instated for the month of July and be included in the agenda on a monthly basis.*

## **PURCHASES AND PAYMENTS**

As part of our audit, we carried out a review of the purchasing and payments system. Our audit procedures have been designed to determine appropriate means for selecting items for testing so as to gather sufficient appropriate audit evidence to meet the objectives of the audit procedures. Professional judgement is used to assess the risk of material misstatement and to design and perform further audit procedures where necessary to reduce the risk to an acceptable low level. Our audit procedures have been designed to determine whether purchases of goods/services were in accordance with the Shire's Purchasing Policy.

Generally the controls surrounding purchases and payments are appropriate to meet the Council's requirements.

However, the following matters were noted as requiring attention:

- (i) We noted 5 instances (17 samples tested) where some officers had approved purchase orders and payment of supplier invoices outside their authorised limits as stated in the Shire's Purchasing Policy.

We recommend that the correct authorisation limits be adhered to, in order to maintain effective control over procurement of goods/services. Authorisation that fall outside an officer's limit must be taken to a more senior level for authorisation.



We also recommend that these limits be reviewed on an annual basis to ensure matching of an authorised officer's delegated purchasing levels to their purchasing requirements in daily operations.

Similar incidences were reported in our previous management letter dated 13 August 2014.

**Management Comment:**

*Due to large staff turnover, position descriptions and high use of consultants there were times when the authorising of purchase orders were beyond the limits of the policy. It should be acknowledged that policy re-wording will be considered in the coming months when Council return.*

*One example was the employment of a Works Manager at the time. The policy names the position as an Engineer – Works Management who has authority to sign off purchase orders within the approved budget allocation, however the replacement was a Work Manager (Supervisor) as the Shire could not fill the position with another Engineer.*

*It is noted that in future purchase orders will be signed off by the CEO when outside the limits of Council's purchasing policy.*

- (ii) During our testing, we noted 4 instances (17 samples tested) where the minimum quotations as required by the Shire's "Payment of Accounts" policy were not obtained to procure goods and services. We were advised that the reason for this was because the purchase was made from one of the Western Australia Local Government Association (WALGA) preferred suppliers. We further noted that the Shire's "Payment of Accounts" policy stipulates "quotations are not required if the goods or services are to be acquired through the Council Purchasing Service of the WALGA or through a State Government Supply Contract".

Regulation 11(2) of the Local Government (Functions and General) Regulations 1996 stipulates that tenders do not have to be publicly invited if the supply of the goods or services is to be obtained through the Council Purchasing Service of WALGA.

On a previous occasion, we sought clarification with WALGA and the Department of Local Government and Communities on this matter and were advised as follows:

- Where the intended purchase is under the \$100,000 threshold, the local government should follow its purchasing policy with respect to obtaining quotations from either WALGA preferred suppliers or non-WALGA suppliers.
- Where the intended purchase is over the \$100,000 threshold and the local government wishes to use the Council Purchasing Service of WALGA without going through the tender process, the local government should still follow the process of obtaining quotations from the WALGA panel. This will ensure that the local government is procuring goods and services at best value for money.

Based on the clarification obtained above, in our opinion, the Shire's "Payment of Accounts" policy should be reviewed and amended to reflect the above principle.



**Management Comment:**

*We acknowledge your recommendation as it would help us achieve best value for money.*

- (iii) During our testing, we noted 2 instances (17 samples tested) where purchase orders were not raised. Further, our testing revealed 3 instances (17 samples tested) where purchase orders were raised only after the goods and services have been supplied and invoices received.

As this increases the risk of unauthorised purchases being made, we request that purchase orders be raised when the goods and services are ordered and not after the goods and services have been received. This will ensure that goods and services have been obtained at the most competitive prices and ensure adherence to Shire's Purchasing Policy.

**Management Comment:**

*Management acknowledges this is a problem occasionally – usually only in emergencies. The Auditors' request is noted and the circumstances of these purchase orders have been reviewed and clarified.*

**CREDITORS**

- (i) During our audit, we noted that new suppliers are set up by the Finance Officer. Details obtained include Australian Business Numbers (ABNs), bank account details, etc.

We observed that there were no background checks (e.g. company extracts obtained to view shareholders' and directors' details, etc.) performed on new suppliers before entry into the SynergySoft system. Such checks serve as an anti-fraud control and can assist to identify current or past Council employees, elected members, etc.

We recommend that background checks be performed as an anti-fraud control on new suppliers before entry into the system. Such checks should be attached to support the completed new creditor documents and stored for record-keeping purposes.

This matter was reported in our previous interim audit management letter dated 13 August 2014.

**Management Comment:**

*As per the current practice, using the Australian Government Business Register, an ABN check is undertaken to confirm the existence of the company/new supplier and to confirm its GST registration. We acknowledge your comment regarding background checks on new suppliers and will amend our purchasing policy/procedures accordingly.*



- (ii) During our audit, we noted that new suppliers are set up on the system by the Finance Officer based on the information available on supplier's invoices. Details obtained include Australian Business Numbers (ABNs), bank account details, etc. The Finance Officer also performs the data entry of supplier's invoices into the system.

A risk associated with a user having access to both functions would be the entry of a fictitious supplier and an associated supplier invoice.

We recommend that the functions of setting up suppliers and data entry of supplier invoices be segregated to maintain effective internal control.

**Management Comment:**

*Management feels it would be unreasonable and unproductive for a small office like Shire of York to be able to separate these processes. It is noted that the Finance Officer sets up new suppliers and enters invoices however the Finance Officer is not authorised to sign a purchase order neither can they pay the invoice.*

*In addition to invoices being authorised for payment and checked by the Financial Controller they are also signed off by another senior officer being the CEO, DCEO of HR/Compliance. At present the only 2 officers with online banking access are the Financial Controller and the HR/Compliance Officer.*

- (iii) We noted that changes to the supplier master file (e.g. bank account details, addresses etc.) can be made by the Finance Officer without any approval.

The SynergySoft system can produce an "Audit Trail Report" which shows supplier master file changes. We noted that whilst this report is available, it is not utilised for reviewing any new additions or changes to supplier details.

We recommend that:

- (a) as a preventative control, changes in suppliers' details be approved by senior management before being processed into the system; and
- (b) as a monitoring control, the "Audit Trail Report" be generated on a periodic basis for review by an independent senior officer to ensure that updates to the creditors system only contain valid and authorised creditors and existing creditor details are not amended without the knowledge of management.

**Management Comment:**

*Management acknowledges your recommendation and will generate monthly Audit Trail Reports to be signed off by a senior officer.*



## RATES

The Shire's rating procedures were reviewed to ensure that they were in compliance with legislative requirements and that rates were being imposed correctly. This also included a review of the rates notice, the process of reconciliation of the Valuer General's report to the rates ledger, and checking a limited number of postings to the rate and general ledgers to ensure allocation/posting was reasonable and correctly performed.

The following matters were noted and brought to your attention:

- (i) Interim rates are levied by the Shire upon receiving amended valuations from the Valuer General's Office on a fortnightly basis. The rate reconciliation is performed by the Rates Officer, reconciling the Valuer General's interim valuation report to the rates ledger in the financial system.

During the audit, we noted that whilst the interim rates reconciliations were performed, there was no evidence that the reconciliations were signed and dated by the preparer and reviewed by an independent senior officer.

We recommend that procedures be introduced to ensure that the interim rates reconciliations are signed off by the preparer and initialled by a senior officer independent of the reconciliation process to indicate that the reconciliations are correct and all exceptions and errors have been rectified.

**Management Comment:**

***Management acknowledges your recommendation and will implement this process.***

- (ii) We carried out a review of the rate debtors in arrears as at 1 May 2015. The Rates Outstanding Debtors Report (non-pensioners) showed a total outstanding amount of \$980,101.13.

Our review indicated the following rate debtors with large overdue balances namely:

	Assessment No	Name	Amount (\$)
1	2957		20,381.21
2	12770		19,161.64
3	13670		18,370.71
4	14270		153,133.17
5	60484		9,703.34
6	60513		41,967.11
7	60661		185,966.57
8	3870		12,251.34
9	4309		12,582.04
10	2780		6,510.75
11	6140		16,422.30
12	8050		13,732.18



13	9774		10,751.50
14	60376		15,460.37
15	13621		7,542.79
16	60560 & 60559		18,079.88
17	7640 & 12470		8,665.69
18	10001		5,161.56
19	5861		7,454.10
20			396,802.88
		<b>TOTAL</b>	<b>980,101.13</b>

We acknowledge that the management have processes in place to reduce the outstanding debts by way of recovery through final notices, legal processes through debt collectors and scheme of arrangements. From our discussion with the Rates Officer, we were advised that the Shire has special payment arrangements with the above ratepayers or taken necessary actions to recover the outstanding rates.

As auditors, we have a responsibility to bring the matter to the Council's attention and will continue to review the progress and the processes undertaken by the management to recover these debts. We will be pleased to receive feedback on the status of the above-mentioned rate debts.

**Management Comment:**

*The Shire of York has made debt collection a priority in the 2014/15 and 2015/16 financial years. As at 30 June 2015, the outstanding balance had reduced from \$980,101 to \$795,047. This figure will reduce by the outstanding balance on [REDACTED] approximately \$155K early July 2015.*

Name	Amount (\$)	Status
[REDACTED] 2957	20,381.21	Matter referred to lawyers as debt was older than 3 years. Currently going through legal proceedings to be auctioned in 2015/16 under the LG Act – 3 year rule.
[REDACTED] 12770	19,161.64	Matter referred to debt collectors. [REDACTED] was served a summons which he defended in court. Shire of York is now able to have judgement awarded in its favour and then move on towards Property Seizure and Sale Order to recover funds.
[REDACTED] 13670	18,370.71	Matter referred to debt collectors. [REDACTED] was served a summons which he defended in court. Shire of York is now able to have judgement awarded in its favour and then move on towards Property Seizure and Sale Order to recover funds.
[REDACTED] 14270	153,133.17	As per council resolution the rates and interest for this matter were written off after the transfer of title into Tenants in Common with Shire of York.
[REDACTED] 60484	9,703.34	Matter referred to lawyers as debt was older than 3 years. Currently going through legal proceedings to be auctioned in 2015/16 under the LG Act – 3 year rule.
[REDACTED] 60513	41,967.11	Property is listed for sale and currently with lawyers for debt collection. Settlement is due August 2015.
[REDACTED] 60661	185,966.57	Owners applied for non-rateable status which was approved by Council. Rates subsequently written off after June Council Meeting
[REDACTED] 3870	12,251.34	Matter currently with debt collectors. Awaiting suitable payment arrangement otherwise summons will be served.





██████████ 4309	12,582.04	Matter currently with debt collectors. Awaiting suitable payment arrangement otherwise summons will be served.
██████████ 2780	6,510.75	A payment plan currently in place of a minimum \$400 per month.
██████████ 6140	16,422.30	Matter with debt collectors. Property Seizure and Sale Order to be issued July 2015 with intent to recover debt through bailiff auction.
██████████ 8050	13,732.18	Matter referred to lawyers as debt was older than 3 years. Currently going through legal proceedings to be auctioned in 2015/16 under the LG Act – 3 year rule.
██████████ 9774	10,751.50	Matter referred to lawyers as debt was older than 3 years. Currently going through legal proceedings to be auctioned in 2015/16 under the LG Act – 3 year rule.
██████████ 60376	15,460.37	Matter referred to lawyers as debt was older than 3 years. Currently going through legal proceedings to be auctioned in 2015/16 under the LG Act – 3 year rule. Also working with Public Trustees Office in this matter as they are happy to have this property sold due to the fact there are no available funds in the Estate.
██████████ 13621	7,542.79	Matter with debt collectors. A Property Seizure and Sale Order has been issued with intent to recover debt through bailiff auction.
██████████ 60560, 60559	18,079.88	Matter with debt collectors. A Property Seizure and Sale Order has been issued with intent to recover debt through bailiff auction.
██████████ 7640, 12470	8,665.69	A payment plan is in place, minimum \$200 per month on each property.
██████████ 10001	5,161.56	Matter with debt collectors. Payment plan in place to recover \$100 per fortnight. Pension rebate recently approved.
██████████ 5861	7,454.10	Matter was listed with debt collectors however later withdrawn as the bank took over as mortgagee in possession. Awaiting confirmation of pending sale.
<b>Various Others</b>	<b>396,802.88</b>	<i>Either with debt collection or on payment plans</i>
<b>TOTAL</b>	<b>980,101.13</b>	

### SUNDRY DEBTORS

The sundry debtors system including raising of invoices was reviewed and testing conducted to ensure proper procedures have been followed.

The following matters were noted and are brought to your attention:

- (i) The sundry debtors aged trial balance report as at 30 April 2015 showed \$356,151.66 (approximately 56% of the total outstanding debts of \$634,430.85) was in the 90 days or over category.

Some of the large overdue accounts in the 90 days and over category which existed in the report are listed below:



	Debtor Name	Amount \$
1	██████████ ***	5,300.00
2	██████████ ***	5,560.00
3	██████████	10,378.41
4	██████████ ***	46,899.92
5	██████████	17,217.24
6	██████████	5,857.43
7	██████████████████████ ***	252,914.45
8	Other balances less than \$5,000	12,024.21
	<b>Total</b>	<b>356,151.66</b>

\*\*\* We have drawn management's attention to these overdue accounts in our previous year interim audit management letter dated 13 August 2014.

We note that there is an ongoing review process by management of outstanding accounts. However as auditors, we have a responsibility to bring the matter to the Council's attention and will continue to review the progress and the processes undertaken by the management to recover these debts. We will be pleased to receive feedback on the status of the above-mentioned debts.

**Management Comment:**

*Details as above – concerted efforts in 2014/15 and 2015/16 to collect outstanding debts however, this is taking longer than expected. At this stage, management are not recommending write-off of any debts until all avenues of debt collection have been exhausted.*

Debtor Name	Amount \$	Status
██████████ ***	5,300.00	As per letter of agreement with previous CEO, this debt was to be paid in 3 annual instalments. Final due 1/7/15.
██████████ ***	5,560.00	This debt is associated with Court Fines which have been listed with Fines Enforcement Registry (FER). A payment plan is in place.
██████████	10,378.41	Payment plan currently in place to pay \$75 per fortnight.
██████████ ***	46,899.92	██████████ communication indicates that the final invoice of \$26,000 will be paid by August 15.
██████████	17,217.24	Standpipe water used for road construction – payment of invoice held up by internal coding issues. Set for payment July 15.
██████████	5,857.43	Workers' Compensation issues recently resolved – awaiting payment.
██████████████████████ ***	252,914.45	Matter with debt collectors and lawyers. Writ served with courts to have matter held for extra time to ensure Shire of York can continue legal action beyond statute of limitation.
<b>Other balances less than \$5,000</b>	<b>12,024.21</b>	
<b>Total</b>	<b>356,151.66</b>	



- (ii) We noted that there was no evidence that the reconciliations for sundry debtors between the general ledger control account and the subsidiary ledger were reviewed by a senior officer for the months of October 2014, November 2014, December 2014 and February 2015.

We recommend that the monthly reconciliations be initialled and dated by the senior officer as evidence that the reviews have been performed.

**Management Comment:**

***Noted. Reviews were undertaken as part of the monthly financials, however for the months mentioned, they were inadvertently not signed.***

## **PAYROLL**

Our audit examined the Shire's payroll system in the following areas:

- Reviewing the policies and procedures at the Council in relation to the Payroll system
- Staff additions and terminations
- Changes to employees pay, including variations to pay
- Authorisation and monitoring of leave taken by employees
- Processing of payroll
- Segregation of duties

The following matters were noted and are brought to your attention:

- (i) During our review of the payroll procedures, we noted that there are currently a number of staff members other than payroll, who have full access to the payroll module in the SynergySoft system. This may allow unauthorised amendments to Payroll and expose the Shire to a higher of level risk.

We recommend that management review the existing access given to all officers for the payroll module and considerably reduce the number of officers able to access the payroll module.

**Management Comments:**

***Managements deems the number of staff with access to payroll appropriate as follows:***

- ***Payroll Officer (Payroll processing)***
- ***Depot Support Officer (Timecard entry)***
- ***HR/Compliance Officer (payroll sign-off and bank signatory and payroll back-up)***
- ***Financial Controller (payroll sign-off and bank signatory and payroll back-up)***
- ***Deputy CEO (payroll sign-off and bank signatory)***

***No other staff have access to payroll.***



- (ii) We noted two instances where the fortnightly payroll reports were not signed by the respective authorised personnel. The absence of the signatures may imply that payroll is not reviewed and authorised before making payment.

We request that management ensure that these reports are signed by authorised personnel to indicate that the payroll has in fact been reviewed and authorised.

This matter was reported in our previous interim audit management letter dated 13 August 2014.

**Management Comments:**

***Noted***

- (iii) During our payroll testing, we noted an exception where we were unable to sight the letter of offer on the personnel file (showing the pay rate applicable to a casual employee). We were advised that the practice for employing and agreeing remuneration of casual employees at the Shire is based on verbal advice.

Letters of offer are considered legal documents and can be used to resolve any disputes that might come up relating to employment terms.

We recommend the management investigate the issue raised above and take measures to ensure that letters of offers be signed and maintained on personnel files for all employees, irrespective of their employment nature.

**Management Comments:**

***Management recognises this issue attributed largely to casual staff being employed at short notice for the York Recreation and Convention Centre (YRCC). This issue has been addressed with the YRCC management and will become standard practice for employing future employees.***

## **JOURNAL ENTRIES**

Australian Auditing Standard ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report* states that there is a risk in all entities that management may be in a position to override the financial controls to perpetrate fraud. The standard requires that auditors perform audit procedures to address this risk in the areas including journal entries.

As part of our audit, we performed procedures and reviewed internal controls over journal entries recorded in the general ledger.

To test this, we reviewed the entire population of journals as at our audit visit date to identify those which would be regarded as unusual or higher risk. We selected a sample of higher risk journals and tested to ensure they were appropriate and supported by a clear business rationale.

The following matter was noted and is brought to your attention:



We noted that there is no documented policy regarding the use, authorisation and control over journal entries.

We recommend that a documented policy be created which addresses the use of standard entries, non-routine entries (corrections and adjustments) and unusual or management-requested entries. This includes details on sequential numbering, the requirement for journals to be adequately explained or supported by appropriate documentation and the approved officers who can raise or authorise journal entries.

This matter was reported in our previous interim audit management letter dated 13 August 2014.

**Management Comment:**

***Management plans on presenting a suitable Journals Procedural document to Council pending their return in July 2015.***

**TENDERS REGISTER**

Regulation 17 of the Local Government (Functions and General) Regulations 1996 requires the tender register to include the following information in respect of each invitation to tender:-

- (a) a brief description of the goods or services required;
- (b) particulars of the making of –
  - (i) the decision to invite tenders; and
  - (ii) if applicable, decision to seek expressions of interest under regulation 21(1);
- (c) particulars of –
  - (i) any notice by which expressions of interest from prospective tenderers was sought;
  - (ii) any person who submitted an expression of interest; and
  - (iii) any list of acceptable tenderers that was prepared under regulation 23(4);
- (d) a copy of the notice of the invitation to tender;
- (e) the name of each tenderer whose tender has been opened; and
- (f) the name of any successful tenderer;
- (g) the amount of the consideration or a summary of the amount of the consideration sought in the tender accepted by the local government.

We could not verify that the Shire has complied with some of the above requirements of the regulation in many instances. Our findings from our selection of samples (2 tenders tested) indicated that the tenders register did not contain particulars of the making of the decision to invite tenders.

On a previous occasion, we sought clarification and guidance from the Department of Local Government and Communities and were advised that, in order to fully comply with the regulation, the register must indicate how the decision to invite tenders was made. The particulars of making of the decision are expected to take the form of:

- a copy of the Council resolution (extract of the minutes of the meeting at which the decision was made) or
- a copy of the exercise of the delegation, if one is given, to the CEO by the Council or on-delegation by CEO to a City Officer to make such a decision.

We recommend that the tenders register include the above particular to fully comply with the regulation.



We also noted that the register contained additional confidential information (i.e. relevant Council minutes containing amounts and schedule of rates tendered by each tenderer) which is not required to be included in the tenders register.

It is important to note that the tenders register is a public register. Therefore, any additional information or documentation should be kept in a separate file and secured, and not as part of the tenders register. This will ensure that commercial confidence is maintained.

**Management Comment:**

*The recommendation is accepted and the tenders register will updated accordingly.*

**COMPLIANCE**

- (i) Regulation 17 of the Local Government (Audit) Regulations 1996 requires the CEO to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:
  - (a) risk management;
  - (b) internal control; and
  - (c) legislative compliance.

We noted that the review was carried out only in respect to the risk management area, and not internal control and legislative compliance.

We sought clarification from the Department of Local Government and Communities on this matter and were advised that such practice was not deemed adequate and would not comply with Audit Regulation 17. The regulation requires a formal review be undertaken focussed on risk management, internal control and legislative compliance. This formal review is in addition to any internal audits or financial management reviews undertaken by a local government.

**Management Comment:**

*At the time of preparing the report, it was considered the report included adequate information across each of the review areas. As this was the first attempt at completing the review, staff are more aware of the requirements and are building on their reporting structures. Considering the large staff turnover rates for the 2014/15 year, it has been difficult to meet all requirements at a high standard.*

- (ii) Regulation 33 of the Local Government (Financial Management) Regulations 1996 requires that a copy of the annual budget of a local government is to be submitted to the Departmental CEO within 30 days of its adoption by the local government.

During the audit, we noted that the annual budget was adopted on 17 July 2014, however it was forwarded to the department on 8 September 2014 (more than 30 days after its adoption).

**Management Comment:**

*Agreed. This breach was also reported to the Department of Local Government and Communities and in the Compliance Audit Return.*



- (iii) Reg 33A(4) of the Local Government (Financial Management) Regulations 1996 requires that within 30 days after a Council has made a determination, a copy of the mid-year budget review and determination is to be provided to the Department.

During the audit, we noted that the mid-year budget review was submitted to Council on 23 March 2015, however it was forwarded to the department on 27 April 2015 (more than 30 days after its adoption).

**Management Comment:**

***Agreed.***

We thank your staff for the assistance given during the course of the audit. Should you have any queries with respect to the above or any other matter, please do not hesitate to contact our office.

Yours faithfully



**ANTHONY MACRI**  
**AUDIT PARTNER**

