



# SHIRE OF WOODANILLING

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**Unconfirmed Minutes  
Of The Audit Committee  
Meeting  
21 June 2022**

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# COUNCIL FORUM

## 1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

Meeting opened at 2pm

### 1.1 DISCLOSURE OF INTEREST AFFECTING IMPARTIALITY

Division 6 Subdivision 1 of the *Local Government Act 1995* (the Act) requires Council Members and Employees to declare any direct or indirect financial interest or general interest in any matter listed in this Agenda.

The Act also requires the nature of the interest to be disclosed in writing before the meeting or immediately before the matter be discussed.

NB: A Council member who makes a disclosure must not preside or participate in, or be present during, any discussion or decision making procedure relating to the declared matter unless the procedures set out in Sections 5.68 or 5.69 of the Act have been complied with.

#### DISCLOSURE OF INTEREST AFFECTING IMPARTIALITY

Disclosures of Interest Affecting Impartiality are required to be declared and recorded in the minutes of a meeting. Councillors who declare such an interest are still permitted to remain in the meeting and to participate in the discussion and voting on the particular matter. This does not lessen the obligation of declaring financial interests etc. covered under the Local Government Act.

To help with complying with the requirements of declaring Interests Affecting Impartiality the following statement is recommended to be announced by the person declaring such an interest and to be produced in the minutes.

"I (give circumstances of the interest being declared, eg: have a long standing personal friendship with the proponent). As a consequence there may be a perception that my impartiality on this matter may be affected. I declare that I will consider this matter on its merits and vote accordingly".

## 2. RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

#### Present:

Cr SJ Jefferies	Shire President		
Cr HR Thomson	Deputy Shire President	Cr B Smith	
Cr D Douglas		Kellie Bartley	Chief Executive Officer
Cr P Morrell		Sue Dowson	Deputy CEO
		Cath Painter	Accountant
		Scott Hook	Works Coordinator
Chris Martain	Lincolns (via Teams at 2.01pm to 2.36pm)		
Mikey Fiorucci	OAG (via Teams at 2.01pm to 2.36pm)		

#### Apologies:

Cr T Brown

### 3. PRESENTATIONS

#### 3.1 PRESENTATIONS – OAG AND LINCOLNS

##### Office of the Auditor General & Lincolns

Mr Mikey Fiorucci (OAG) and Mr Chris Martain (Lincolns) presented to the Committee the 2020/2021 Exit Meeting, Audit Plan and Management Plan, inclusive of an overview of the matters to be addressed through the audit process.

The report summaries significant audit findings and matters to which the Chief Executive Officer and relevant shire officers have responded to these findings.

The presentation clarified the outstanding issues. This process included the areas of:

- Areas of Risk – grant funding and other revenues associated with third party funding and the relevant documentation
- Rates – review of rateable values against the VGO rating system
- Expenses – testing of controls of expenses and its analytical reviews
- Payroll/Provisions – Audit Sampling tests associated with the process of payroll and staff costings
- Management’s monitoring of the control environment – review of Council Minutes for internal control practices with policy management, implementation and monitoring of control procedures and the amending mechanism of these controls
- Management Override of Controls – Sampling and testing of journals, effectiveness of duties, control testings and substantive procedures
- Fixed Assets – noted that Council did not undertake any revaluation processes in the 2021 financial year however testing and sampling was reviewed against assets
- Accounting Estimates – reviewed the method and underlying data that management users to determine critical accounting estimates for infrastructure, property, plant and equipment
- AASB 1059 Service Concession – reviewed contracts undertaken by the Shire with regards to major expenditure items

Both Mr Fiorucci & Martain concluded their presentations on the 2020/2021 Audit and advised the timeframe for the key dates for the 2021/2022 Audit, was then thanked by the Shire President and both left the meeting at 2.36pm

### 4. DECLARATIONS OF COUNCILLORS OR OFFICER’S INTEREST

Nil declarations

### 5. CONFIRMATION OF PREVIOUS MINUTES

#### 5.1 AUDIT MEETING HELD 22 MARCH 2022

##### **AUDIT COMMITTEE RESOLUTION ACM02/05/2022**

##### ***Moved Cr Douglas seconded Cr Thomson***

*That the minutes of the Audit Committee meeting held in the Shire of Woodanilling Council Chambers, on 22 March 2022, be confirmed as true and correct record of the proceedings.*

**CARRIED 5/0**

## 6. REPORTS FOR CONSIDERATION

### 6.1. EXIT MEETING WITH OAG AND LINCOLNS

<b>File Reference</b>	ADM0063
<b>Date of Report</b>	19 June 2022
<b>Responsible Officer</b>	Kellie Bartley, Chief Executive Officer
<b>Author of Report</b>	Kellie Bartley, Chief Executive Officer
<b>Disclosure of any Interest</b>	No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> .
<b>Voting Requirement</b>	Simple Majority
<b>Attachments</b>	<b>Confidential Attachment No. 6.1.1</b> – Audit Plan Document <b>Attachment No. 6.1.2</b> – Confidential – Management Letter <b>Attachment No.6.1.3</b> – Confidential – Report to Audit Committee 2021

#### BRIEF SUMMARY

The purpose of this report is to provide the Office of the Auditor General (OAG) and Audit Partner from Lincolns opportunity to present to the Audit Committee an overview of their findings following the 2020/2021 financial audit.

#### BACKGROUND/COMMENT

The annual financial report will be general purpose financial statements for the financial year ended 30 June 2021. The Auditor General is required by the Act to provide an opinion on the financial report and other legal and regulatory requirements in accordance with the Local Government (Audit) Regulations 1996.

The objective of the Auditor General's audit is to obtain reasonable assurance about whether the Shire's financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report.

As outlined in the Audit Plan Document as contained in **ATTACHMENT 6.1.1**, a final audit exit meeting is held to cover the presentation and discussion of the audit closing report, which outlines any significant audit related matters concerning the financial report, management letters and improvement suggestions for future audits.

The Audit Committee is responsible for understanding the results of financial and performance audits conducted within the local government and overseeing whether recommendations are implemented by management. The committee's responsibilities include meeting with the OAG to discuss the results of the financial audit (audit exit meeting) and reviewing reports from the OAG including the Audit report as contained in **ATTACHMENT 6.1.3** and the Management Letter as contained in **ATTACHMENT 6.1.2**.

#### STATUTORY/LEGAL IMPLICATIONS

Copy Local Government Audit Regs section 16

#### POLICY IMPLICATIONS

There is no policy associated with this item.

#### FINANCIAL IMPLICATIONS

Provision is made in the annual budget to undertake the audit function.

#### STRATEGIC IMPLICATIONS

#### THEME 3

#### Governance

#### OBJECTIVES

To promote continual improvement that is supported by efficient and effective governance structures and processes.

### STRATEGIES

By ensuring legislation is used to effectively enable quality decision making.

### CONSULTATION/COMMUNICATION

Consultation has been undertaken with the Chief Executive Officer, Accountant, OAG and Lincolns in regards to the management letter and audit requirements for this report.

### RISK MANAGEMENT

There is a risk that the Audit Committee will be in breach of its statutory obligations should it not receive the Management Letter and complete the Exit Meeting. Accordingly, it has been assessed that the level of risk is high.

Consequence	Insignificant	Minor	Moderate	Major	Extreme
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
LOW	Monitor for continuous improvement.
MEDIUM	Comply with risk reduction measures to keep risk as low as reasonably practical.
HIGH	Review risk reduction and take additional measures to ensure risk is as low as reasonably achievable.
SEVERE	Unacceptable. Risk reduction measures must be implemented before proceeding.

### VOTING REQUIREMENTS

Simple Majority

### OFFICERS RECOMMENDATION

That the Audit Committee recommends that Council:

1. Receives the Office of Auditor General overview of the audit findings for the year ended 30 June 2021 (as outlined in the Report to Audit Committee – **ATTACHMENT 6.1.3**);
2. Receives the comments on the Management Letter and responses provided by the Chief Executive Officer as contained in **ATTACHMENT 6.1.2**; and
3. Provide additional feedback to the Office of Auditor General on the findings and any other matter related to the audit if required.

**AUDIT COMMITTEE RESOLUTION ACM03/06/2022**

***Moved Cr Douglas seconded Cr Morrell***

*That the Audit Committee recommends that Council:*

- 1. Receives the Office of Auditor General overview of the audit findings for the year ended 30 June 2021 (as outlined in the Report to Audit Committee – ATTACHMENT 6.1.3);*
- 2. Receives the comments on the Management Letter and responses provided by the Chief Executive Officer as contained in ATTACHMENT 6.1.2; and*
- 3. Provide additional feedback to the Office of Auditor General on the findings and any other matter related to the audit if required.*

**CARRIED 5/0**

Unconfirmed

**SHIRE OF WOODANILLING**

**AUDIT PLAN**

**YEAR ENDING 30 JUNE 2022**



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This document sets out our Audit Plan for the year ending 30 June 2022, and summarises our audit approach, highlights key areas of audit risk and focus, provides details of the engagement team and other required communications.

### **Recent Industry and Economic Trends**

The Local Government sector in Western Australia operates in a relatively stable economic environment. Entities rely on funding from State and Federal Government to supplement own source revenue. Funding is both for operations and capital works projects. Additional capital funding is opportunistic and reliant on whole of Government initiatives. Local Governments budget for additional capital funding only when the project and funding source is probable.

There is a long history of recurring grant funding and whilst there is ever increasing requirements to fund target service delivery and capital needs, in general, recurring funding is known and is expected to continue.

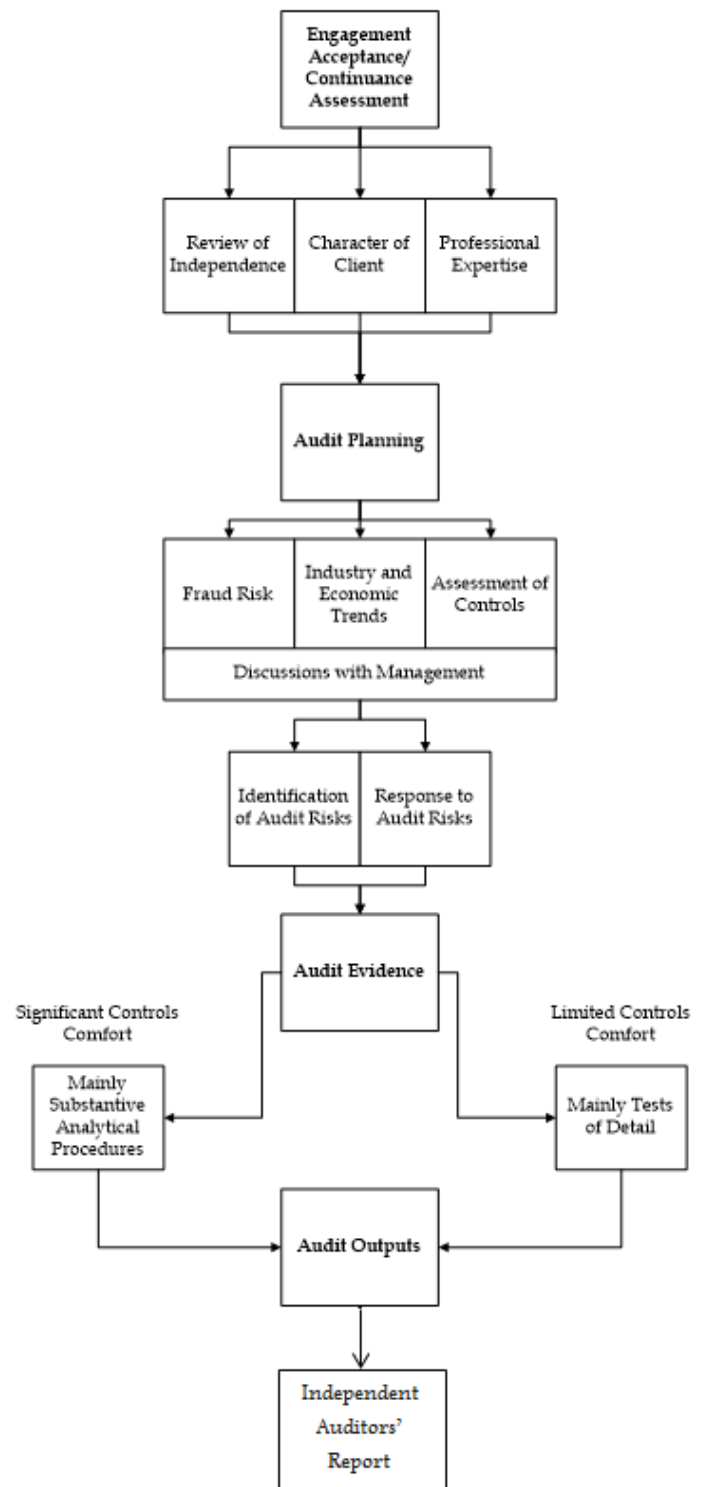
Operational costs are generally predictable and can be controlled. Additionally, and to a larger extent by deferral of capital acquisition and infrastructure construction projects. Long term asset management plans and financial plans exist to control risk of a deteriorating asset base and loss of service potential.

In the past, Council has shown rapid and measured response to the management of the financial impacts of natural disasters and most recently, the Covid 19 pandemic.

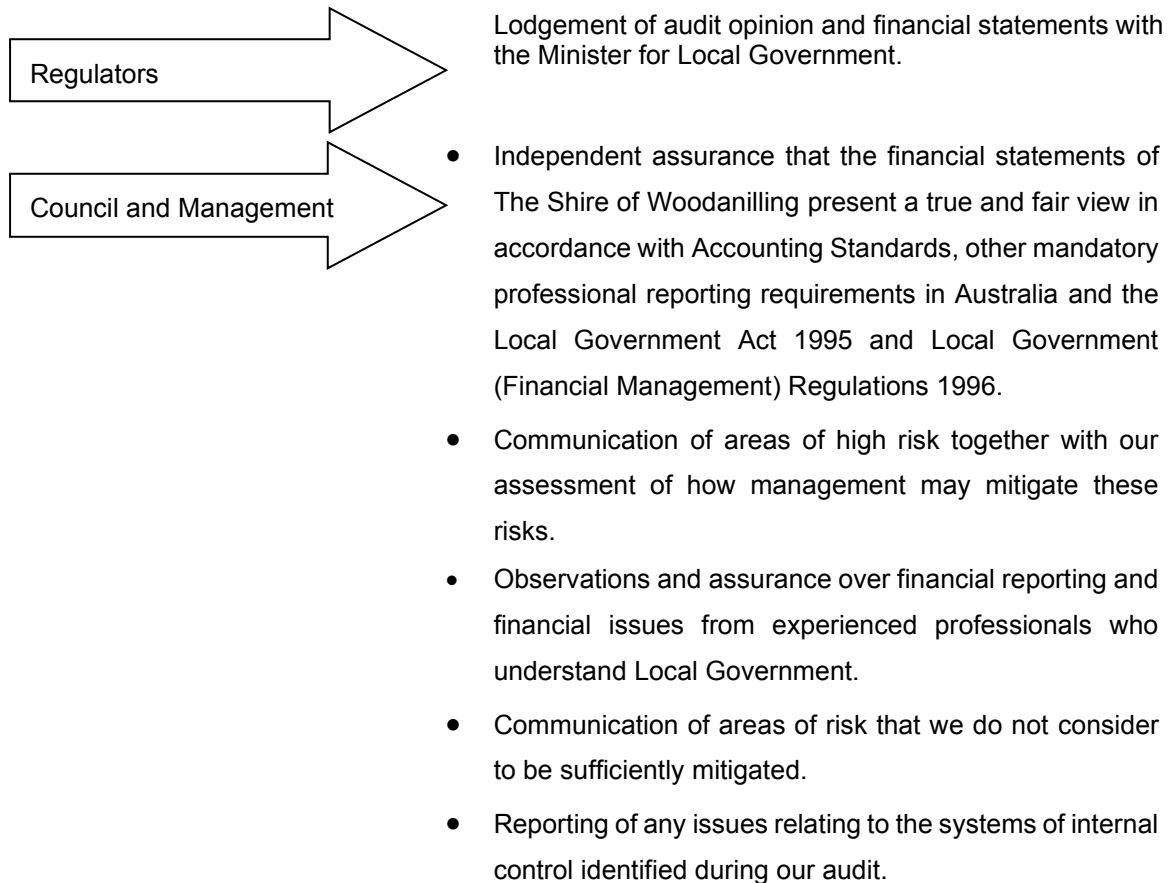
Our methodology involves the development of a risk matrix to determine the overall audit risk as a result of the interaction between control risk and inherent risk.

The risk matrix will be used to determine assurance levels and sample sizes for statistical sampling.

Our risk-based audit approach ensures that our audit procedures are targeted towards the significant risk areas of the entity allowing for an efficient allocation of our resources. Additionally, this methodology is based on us developing a detailed understanding of the transactional processes inherent in your organisation, which ensures that our audit testing will provide an independent review of your systems of internal control where recommendations for improvements will be communicated through the annual management letter.



The audit will be primarily directed towards assurance at two levels:



As a Contract Auditor to the OAG, we are responsible for undertaking the audit work on behalf of the OAG. The Auditor General retains responsibility for the audit opinion of the Shire of Woodanilling's financial statements. The audit will be conducted in accordance with the Australian Auditing Standards.

### **Scope of Work**

- Audit of the general-purpose financial statements of the Shire of Woodanilling.
- Audit of compliance with specified provisions of the Local Government Act 1995
- Audit of compliance with the Local Government (Financial Management) Regulations 1996

Australian Auditing Standard ASA 260: Communication of Audit Matters with those charged with Governance requires that we communicate with "those charged with governance" of the Shire of Woodanilling in relation to some aspects of our audit.

ASA 260 defines "Those charged with governance" to include "those persons accountable for ensuring that the entity achieves its objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws, and reporting to interested parties. Those charged with governance include management only when it performs such functions."

We advise that we will communicate matters of governance interest arising from our audit with

- (i) the Council, and/or
- (ii) management

as we consider appropriate in relation to each matter to be communicated.

Ordinarily, we will initially discuss audit matters of governance interest with management. Draft management letters will be provided to you for comments from appropriate members of your management. We request these be returned to us within 14 days.

The final management letter will be issued and will be addressed to the President and CEO after it has been discussed with management and comments received. All matters will be communicated on a timely basis.

## **Materiality**

The scope of our audit is influenced by the application of materiality. During the audit we may identify amounts that we believe should be recorded differently in the financial statements. In accordance with ASA 320 – Materiality in Planning and Performing an Audit, where these are material in amount or by nature, we will request management to adjust the financial statements. In addition, we will provide management with a summary of all audit identified adjusted and unadjusted differences in the management representation letter. In line with the OAG’s policy, we have not disclosed our materiality amount

Prior to the conclusion of our audit, we will advise you of:

- All adjustments to the financial statements made as a result of our audit.
- Uncorrected misstatements identified during the audit which management determined were not material. An audit of a financial report is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, our audit does not ordinarily identify all such matters.

Our communications of matters of governance interest includes only those audit matters of governance interest that have come to our attention as a result of the performance of our audit.

## **Management Representation Letter**

The audit plan assumes that management will be in a position to sign a management representation letter. A draft management representation letter will be provided to you for consideration and review and should be signed and dated at the same time as the financial report and as close as practicable to the date of the audit opinion. Ordinarily, this would be no more than five working days prior to the issue of the opinion.

We will rely on the Chief Executive Officer and the Director of Corporate Services (or equivalent) signing the financial statements as evidence that they confirm:

- They have fulfilled their responsibility for the preparation of the financial statements in accordance with the applicable financial reporting framework, including their fair presentation;
- They have provided us with access to all relevant information necessary or requested for the purpose of the audit; and
- All transactions have been recorded and are reflected in the financial report.

## **Fraud Risk**

The primary responsibility for the prevention and detection of fraud and error rests with the Council and the management of The Shire of Woodanilling. Management is responsible for maintaining accounting records and controls designed to prevent and detect fraud and error, and for the accounting policies and estimates inherent in the financial report.

Under Australian Auditing Standard ASA 240 *The Auditor's Responsibility to Consider Fraud in an Audit of a Financial Report*, when planning and performing audit procedures and evaluating the results, the auditor must consider the risk of material misstatement in the financial report as a result of fraud and error.

Our audit scope covers areas within the entity where material misstatements resulting from fraud or error (intentional or unintentional) would be most likely to occur, due to either control weaknesses or inherent susceptibilities.

All entities are susceptible to financial reporting fraud where transactions fall outside the embedded systems and controls, for example year end journals posted by management.

Our perspective on fraud risk is that controls are in place to identify fraud and reduce the residual risk to low.

## **Industry Level Risk**

Planning has identified no significant industry risk.

## **Inherent Risk**

Following our preliminary enquiries and analysis we have identified some specific audit risks that impact on our audit of Shire of Woodanilling.

Details of Risk / Issue	Lincolns Audit Approach
Grant Funding and Other Revenue	<ul style="list-style-type: none"> <li>• Agree revenue by direct confirmation to funding agreements and bank statements.</li> <li>• Consider and respond to risk of fraud in the revenue cycle including testing related party transactions</li> <li>• We will review the Shire's assessment of revenue recognition with respect to the recognition requirements of AASB 15 and AASB 1058.</li> <li>• Given the nature of local government grants, we will substantively test this revenue to third party documentation such as funding agreements &amp; invoices and vouch receipt of funds in accordance with our established sampling methodology.</li> <li>• We will also test the recognition of contract liabilities to ensure proper accounting with AASB 15 and AASB 1058.</li> <li>• Analysis of revenue allocation to ensure that revenue is recognised in the correct period and any related liabilities for contracts with customers are recorded.</li> </ul>
Rates Revenue	<ul style="list-style-type: none"> <li>• Review and testing of procedures and key controls in the rating system.</li> <li>• Agree rates to the following: <ul style="list-style-type: none"> <li>• Property valuations rolls</li> <li>• Check control procedures in place for transfer of rates from Valuer General to Internal Software system</li> <li>• Check rate notice calculation and disclosures.</li> </ul> </li> </ul>
Expenses and other material balances	<ul style="list-style-type: none"> <li>• The design and implementation of controls will be assessed as the basis for designing audit procedures that are considered appropriate in the circumstances</li> <li>• Agree expenses to procurement policy, source evidence, and review approval process.</li> </ul>
Payroll/Provisions	<ul style="list-style-type: none"> <li>• Review and testing of payroll system procedures and key controls.</li> <li>• Agree pay-run to the following: <ul style="list-style-type: none"> <li>• Employee awards</li> <li>• Employee contracts</li> <li>• Check calculation of super and tax,</li> <li>• Check authority to deduct salary sacrifice</li> <li>• Check the control procedures in payroll department in line with internal policies.</li> </ul> </li> <li>• Check provisions</li> <li>• Analytical review</li> </ul>
Management's monitoring of the control environment	<ul style="list-style-type: none"> <li>• Review council minutes of meetings for the following:</li> </ul>



Details of Risk / Issue	Lincolns Audit Approach
	<ul style="list-style-type: none"> <li>• Management process for reviewing internal control procedures including evidence of periodic review of policy manual.</li> <li>• Management's implementation and monitoring of new control procedures.</li> <li>• Management's implementation and monitoring for amending current control procedures.</li> </ul>
Management Override of Controls	<ul style="list-style-type: none"> <li>• We will review and test a sample of general journals entries</li> <li>• Understand and test the adequacy and effectiveness of segregation of duties</li> <li>• Controls testing</li> <li>• Substantive procedures</li> </ul>
Property, Plant and Equipment & Infrastructure	<ul style="list-style-type: none"> <li>• Review asset register and agree to general ledger</li> <li>• Check additions to supporting documentation and ensure compliance with procurement procedures</li> <li>• Check disposals of assets to supporting documentation and ensure calculation of profit/loss on disposals of assets performed correctly</li> </ul>
Revaluation of assets per AASB 116 2021/22 – Land & Buildings	<ul style="list-style-type: none"> <li>• Evaluate skills, qualifications and expertise of independent valuer</li> <li>• Evaluate valuation methodology to ensure consistent with Standards and assumptions reasonable</li> <li>• Ensure completeness and validity of uptake to asset register by agreeing to valuation report</li> <li>• Ensure depreciation basis correctly reflects rates and remaining useful life by agreeing asset register to valuation report</li> </ul>
Restricted Reserve Accounts	<ul style="list-style-type: none"> <li>• Review movements within the restricted reserve accounts to ensure they are approved by Council and transfers out are used in accordance with the intended purpose of the respective reserve.</li> </ul>
<p>The following financial statement items are derived from accounting estimates and hence will receive specific audit attention:</p> <ul style="list-style-type: none"> <li>• Provision for long service leave</li> <li>• Property, plant and equipment</li> </ul> <p>Depreciation and amortisation</p>	<ul style="list-style-type: none"> <li>• Review the method and underlying data that management and where applicable third parties use when determining critical accounting estimates. This will include considering the reasonableness of assumptions and corroborating representations.</li> <li>• For infrastructure, property, plant and equipment we will review Management's assessment of the useful lives and existence of assets. Where impairment indicators of assets have been identified we will ensure the Shire has accurately accounted for the impairment losses.</li> </ul>

<b>Details of Risk / Issue</b>	<b>Lincolns Audit Approach</b>
Related Party Disclosure	Review process undertaken by the Shire and the records or declarations collected to ensure related party transactions are adequately disclosed.
COVID-19	<p>We will work with your management to minimise the risk for your staff and councillors, and our staff and contractors, and to your operations, while completing audits in the best timeframe possible under the circumstances.</p> <p>This will likely involve more audit work being performed remotely rather than at your premises, and/or delaying audit work if unforeseen circumstances arise.</p>
Local Government Reform changes that may impact for the first time this year	The Local Government Reforms project is currently underway and at this stage it is unclear if there will be any impacts on the Shire this financial year. We will continue to review developments arising from the reform project and will assess the impact of any changes to regulatory requirements

We confirm our continued commitment to provide the highest level of service possible by using our most experienced staff and where possible, providing ongoing continuity of engagement team members.

<b>OAG Contact</b>	Mikey Fiorucci	<a href="mailto:mikey.fiorucci@audit.wa.gov.au">mikey.fiorucci@audit.wa.gov.au</a>
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The engagement principal is responsible for assuring the overall quality, value and timeliness of our services to you.

Please feel free to contact any member of the engagement team as your needs arise.

Key dates for the engagement are detailed as follows:

<b>Engagement Timetable</b>	<b>Key Dates</b>
Interim audit procedures	5-6 July 2022
Interim Management Letter	22 July 2022
Receipt of financial statements	30 September 2022
Receipt of R2R and LRCI certification documents	30 September 2022
R2R and LRCI documents to OAG	19 October 2022
R2R and LRCI OAG completion and issue of opinion	31 October 2022
Completion of Audit Documentation – Lincolns OneDrive	7 November 2022
Year end audit	21-25 November 2022
Audit files to OAG	2 December 2022
OAG File Review Complete	9 December 2022
Formal Exit Meeting	15 December 2022
CEO to sign off financial statements and management representation letter	15 December 2022
Issue of audit opinion	Week Ending 23 December 2022

Achieving this sign-off date is dependent on our receiving all required information requested in our year end folder to be delivered to you following completion of the interim audit. If the information and documents detailed in the year end folder cannot be provided in a timely manner, please contact the engagement partner as soon as possible.

Confidentiality and independence are fundamental to our work as auditors and we take these issues very seriously.

We will only discuss Shire of Woodanilling affairs with those partners, staff, OAG representatives or client personnel who have a need to know.

We have security procedures over our working papers, both electronic and hard copy.

We require all our professional staff to comply with our independence requirements and our Firm Policies, which governs individual behaviour.

Every partner and every staff member at Lincolns takes personal responsibility for compliance with independence requirements.

The audit engagement partner monitors independence in relation to all clients on a regular basis. This process is supported by:

- accessible independence policies and procedures on our office intranet;
- annual independence declarations by all staff employed by Lincolns;
- our annual independence statement that forms part of the financial statements.

**1. AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current.**

This standard will apply to local government entities for the 2022/23 reporting year. This is not expected to impact the 2021/22 financial report.

AASB 2020-1 has minor changes to the definition of current liabilities. Liabilities will need to be assessed to ensure they are correctly classified between current and non-current.

**2. AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments**

This standard will apply to local government entities for the 2022/23 reporting year. The specific impacts of this amendment have not been identified. This is not expected to impact the 2021/22 financial report.

AASB 2020-3 contains amendments to AAS 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

**3. AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates.**

This standard will apply to local government entities for the 2023/24 reporting year. This is not expected to impact the 2021/22 financial report.

AASB 2021-2 clarifies the requirements and provides guidance for disclosure of accounting policies, and clarification on how changes in accounting policies and estimates should be distinguished.

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
<b>Matters identified during the current year</b>			
1. Month End Reconciliation Review	✓		
<b>Matters outstanding from the previous year</b>			
2. Asset Renewal Funding Ratio	✓		
3. Bonds and Deposits Held		✓	
4. Municipal Bank Reconciliation		✓	

### 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.
- 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.

**Matters identified during the current year**

**1. Month End reconciliation Review**

**Finding**

During our review of reconciliations, we noted there was no evidence that the bank, creditors or receivables reconciliations for July 2020 to May 2021 had been reviewed by an authorised officer.

**Rating: Significant Implication**

Reconciliations are a key control for ensuring financial data is completely and accurately reflected in the general ledger from which financial statements are derived. There is a risk that internal controls are not being fully applied and that unreconciled or unauthorised transactions may go undetected and/or unresolved.

**Recommendation**

We recommend reconciliations should be reviewed by an independent senior officer and evidence of this review is to be retained.

**Management Comment**

*The recommendation is acknowledged and accepted. The Chief Executive Officer, Deputy Chief Executive Officer or the Accountant will be responsible to perform the review of the month end reconciliation with a procedure and month end checklist to be activated and utilised by all responsible officers. This includes responsible officers and Management to be fully aware of the month end reconciliation process and procedure.*

**Responsible Person:** Chief Executive Officer/Accountant  
**Completion Date:** July 2022



## **Matters outstanding from the previous year**

### **2. Asset Renewal Funding Ratio**

#### **Initial Finding - 2020**

The Shire has not reported the Asset Renewal Funding Ratio for 2020 or 2021 in the annual financial report, as required by Regulation 50(1)(c) of the Local Government (Financial Management) Regulations 1996. This is because the Asset Management Plan and Long Term Financial Plan have not been recently updated, as a result of which the ratios would not be current and accurate.

We note that the Shire has commenced a review of these plans, although this has not yet been finalised and endorsed by Council.

#### **Finding status - 2021**

The Asset Management Plan and the Long-Term Financial Plan have not been updated. We understand that the Shire intends to engage a consultant to complete these plans in the 2021-22 financial period.

**2021 Rating: Significant** (2020 Rating: Significant)

#### **Implication**

The financial report does not comply with Regulation 50(1)(c) of the Local Government (Financial Management) Regulations 1996.

#### **Recommendation**

We recommend that the Shire prepares, reviews and updates the Asset Management Plan and the Long-Term Financial Plan annually, to ensure that 10 year projections are available as required by the regulations, in order for the asset renewal funding ratio to be calculated based on verifiable information and reasonable assumptions.

#### **Management Comment - 2020**

*Noted and Accepted. Will be completed by 30 June 2021.*

**Responsible Person:** Chief Executive Officer

**Completion Date:** 30 June 2021

#### **Management Comment - 2021**

*The non-compliance is noted and accepted. There is a desire to complete the Asset Management through a structured and meaningful approach that reflects the condition, required maintenance and retention of each asset that can be then accurately inform the Long Term Financial Plan. This process will commenced in the 2022/2023 financial year with current road conditions and input into RAMM to commence the process.*

**Responsible Person:** Chief Executive Officer/Works Supervisor

**Completion Date:** June 2023

### 3. Bonds and Deposits Held

#### Initial Finding - 2020

Audit testing determined that "Bond and Deposit" accounts had numerous minor outstanding entries dating back many years. Given the historical nature of these entries, it is difficult to determine whether these entries were in fact liabilities of the Shire or are now Municipal revenue. Outstanding bonds and deposits totalled \$42,136 at 30 June 2020.

#### Finding status - 2021

The accounts remain largely inactive. Investigation has been commenced and discussed with Council with the intention of resolving in the current year.

**Rating: Moderate** (2020 Rating: Minor)

#### Implication

There is a possibility that the liability may require refund, recognition as revenue or transfer to the Receiver of Public Monies.

#### Recommendation

The Shire undertake a full investigation of all outstanding bonds and deposits and implement actions to resolve or correct as required.

#### Management Comment - 2020

*Will be addressed in March 2021 budget review to be completed by 30 April 2021. Most relate to previous items held in trust but transferred out during the previous regulation change. These will now be reflected in reserve accounts if they were for a specific purpose.*

**Responsible Person:** Chief Executive Officer

**Completion Date:** 30 April 2021

#### Management Comment - 2021

*The recommendation is accepted. Current staff are new to this item identified and will address and finalise the corrections of monies held in trust/bond accounts held by the Shire. The timing will be aligned with the forthcoming budget and end of year processes therefore enabling the completion and correction of these items.*

**Responsible Person:** Chief Executive Officer/Accountant

**Completion Date:** September 2022

#### **4. Municipal Bank Reconciliation**

##### **Initial Finding - 2020**

The Municipal bank reconciliation at 30 June 2020 was not supported by a complete and detailed listing of reconciling items.

##### **Finding status - 2021**

The Municipal bank reconciliation at 30 June 2021 was not supported by a complete and detailed listing of reconciling items.

**Rating: Moderate** (2020 Rating: Minor)

##### **Implication**

Whilst the list of reconciling items was able to be regenerated for audit purposes, it indicates a weakness in the review and approval process. This increases the risk of errors, omissions or fraud remaining undetected.

##### **Recommendation**

The responsible officers should ensure that a complete review is undertaken, which includes ensuring that the bank reconciliation is supported by a detailed listing of all reconciling items.

##### **Management Comment - 2020**

*A complete listing of reconciling items will be produced to support the figures in the bank reconciliation.*

**Responsible Person:** Chief Executive Officer

**Completion Date:** 30 April 2021

##### **Management Comment - 2021**

*The recommendation is acknowledged and accepted. The Chief Executive Officer and Accountant will review process and procedure. A more financial review approach along with approval process will be implemented and updated. Review against synergysoft system and bank statements will be more independently reviewed along with maintaining this on an end month process. Processes and procedures will be updated and maintained accordingly by Chief Executive Officer.*

**Responsible Person:** Chief Executive Officer/Accountant

**Completion Date:** September 2022



# Shire of Woodanilling

REPORT TO THE AUDIT COMMITTEE  
FOR THE YEAR ENDED 30 JUNE 2021

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## 1. EXECUTIVE SUMMARY

<b>Purpose</b>	<p>This report summarises significant audit findings and matters which have come to our attention during our audit of the financial statements of the Shire of Woodanilling for the financial year ended 30 June 2021.</p> <p>This report is provided to enable the Audit Committee to clarify outstanding issues with us and discuss key audit findings. It includes only those audit matters of governance interest that have come to our attention as a result of the performance of our audit. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not usually identify all such matters.</p>
<b>Audit status</b>	<p>We have completed our audit for the year ended 30 June 2021 except for:</p> <ul style="list-style-type: none"><li>• Sign off on the financial statements</li><li>▪ Receipt of signed Management Representation Letter to Lincolns</li><li>▪ Process for issuing of audit opinion</li></ul> <p>We expect to recommend to the Office of the Auditor General an unmodified audit report after these matters are completed.</p>
<b>Audit misstatements</b>	<p>A list of corrected and uncorrected differences is included in Section 5. Additionally, corrected and uncorrected misstatements in presentations and disclosures are discussed in this section.</p>
<b>Disclaimer</b>	<p>This report is provided solely for the benefit of the Shire of Woodanilling and is not to be copied, quoted or referred to without prior written consent. The Auditor General and Lincolns accepts no responsibility to anyone other than the parties identified in the Local Government Act for the information contained in this report.</p>

## 2. AUDIT SCOPE

Lincolns conducted an independent audit on behalf of the Office of the Auditor General (OAG) in order to enable the Auditor General to express an opinion to the Council on the financial report of Shire of Woodanilling for the year ended 30 June 2021. Our audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We perform procedures to assess whether in all material respects the financial report presents fairly, in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996, a view which is consistent with our understanding of the Shire of Woodanilling's financial position and of its performance as represented by the results of its operations, changes in equity and cash flows.

Our audit procedures included;

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- evaluating the appropriateness of accounting policies and disclosures used, the reasonableness of accounting estimates

We considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures. We also undertook further evaluation of general computer controls and key approvals and review functions as result of increased remote access arising from staff working from home.

An audit is not designed to identify all matters that may be relevant to the accountable authority and management, nor to relieve management or those in charge of governance of their responsibilities. Accordingly, this report includes only those significant matters that have come to our attention as a result of performing our audit.

### 3. AUDIT FOCUS

We refer to our audit plan where we identified areas for potential for increased audit risk and our planned responses in the audit.

The following presents our audit findings in these areas.

Area of Risk	Audit Outcomes
Grant Funding and Other Revenue	<ul style="list-style-type: none"> <li>• Significant grant revenue was agreed to third party documentation.</li> <li>• Undertook additional analysis of new revenue allocation following implementation of AASB 15 Revenue from Contracts with Customers and AASB 1058 Income for Not For Profit Entities. This related to revenue recognition and the associated recognition of assets or liabilities from contracts with customers including bonds and contributions. Audit work undertaken reviewed a sample of bond and contributions agreements.</li> <li>• Risk of fraud in the revenue cycle was also considered including testing of key controls and analytical review Audit procedures undertaken rebutted the risk of fraud to an acceptable level.</li> <li>• We also reviewed related party transactions. The financial statements adequately disclose related party transactions for Councillors and Key Management Personnel.</li> </ul>
Rates	<p>Audit work included the following:</p> <ul style="list-style-type: none"> <li>• Rateable values agreed to the Valuer General rates.</li> <li>• We checked control procedures for the transfer of rates from Valuer General to Internal Software system.</li> <li>• Testing of rates notices was undertaken both on a sample basis and analytically.</li> </ul> <p>Results supported the rate revenue and financial statement disclosures.</p>
Expenses	<p>Our audit of expenses included testing of key financial controls over the recognition of expenses, vouching significant expenses and analytical reviews.</p> <p>Expenditure as disclosed in the financial statements is materially correct.</p>
Payroll/Provisions	<p>Audit sampling tested payroll records to the following:</p> <ul style="list-style-type: none"> <li>• Employee awards</li> <li>• Employee contracts</li> <li>• Check calculation of superannuation and tax</li> <li>• Check authority to deduct salary sacrifice</li> <li>• Check the control procedures in payroll department in line with internal policies</li> <li>• Our audit of provisions included reviewing the reasonableness of assumptions used to calculate annual leave and long service leave</li> <li>• Analytical review</li> </ul> <p>Results of audit procedures indicate employee costs are materially correct and disclosed correctly in the financial statements.</p>



Management's monitoring of the control environment	<p>We reviewed council minutes for the following:</p> <ul style="list-style-type: none"> <li>• Process for reviewing internal control procedures including evidence of periodic review of policy manual.</li> <li>• Management's implementation and monitoring of new control procedures.</li> <li>• Management's implementation and monitoring for amending current control procedures.</li> </ul> <p>We are satisfied that management is applying effective controls and that Council are aware of the control environment.</p>
Management Override of Controls	<p>Audit processes were undertaken to:</p> <ul style="list-style-type: none"> <li>• Sample test and judgementally review general journals</li> <li>• Understand and test the adequacy and effectiveness of division of duties</li> <li>• Controls testing</li> <li>• Substantive procedures</li> </ul> <p>Sufficient audit evidence was obtained to support the view that controls are operating effectively.</p>
Fixed Assets	<ul style="list-style-type: none"> <li>• Council did not undertake any revaluation process in the 2021 financial year</li> </ul> <p>Audit Processes were undertaken to:</p> <ul style="list-style-type: none"> <li>• Sample test additions and disposals</li> <li>• Check profit/loss on sale of assets</li> <li>• Confirm ownership and existence of assets</li> <li>• Recalculate depreciation</li> </ul>
Accounting Estimates	<ul style="list-style-type: none"> <li>• We reviewed the method and underlying data that management use when determining critical accounting estimates. This included considering the reasonableness of assumptions and corroborating representations.</li> <li>• For infrastructure, property, plant and equipment we reviewed Management's assessment of the useful lives and existence of assets. Where reviewed managements monitoring of impairment and determined that such process exists.</li> </ul>
AASB 1059 Service Concession Arrangements: Grantors	<ul style="list-style-type: none"> <li>• We reviewed the assessment of contracts undertaken by the Shire.</li> <li>• Reviewed major expenditure items.</li> <li>• Outcome of review discussed with CEO.</li> </ul>

## 4. AUDIT & ACCOUNTING ISSUES

### 4.1 Significant Adverse Trends

Following Office of the Auditor General guidelines, the following significant adverse trends occurred;

- The Operating Surplus Ratio has been below the OAG threshold for all 3 years reported in the financial report.

### 4.2 Audit Report

The audit report will have an unqualified opinion, and the following matter of non-compliance with the Local Government Act 1995 will be reported:

- The Operating Surplus Ratio has been below the OAG threshold for all 3 years reported in the annual financial report
- Asset Renewal Funding Ratio was not reported in the 2020 and 2021 financial report.

### 4.3 Management Letter Findings

The management letter contains the following findings and their rating:

Current Year Finding:

- Review of Month End Reconciliations – Significant
- Review of Payroll Master File Audit Trail - Moderate

Findings Outstanding from Prior Year:

- Asset Management and Long-Term Financial Management Plan - Significant
- Review required of Bonds and Deposits held - Minor
- Completeness of June 2021 Municipal Bank Reconciliation - Moderate

## 5. ACCOUNTING MISSTATEMENTS

### 5.1 Uncorrected Audit Misstatements

There are no uncorrected misstatements.

### 5.2 Corrected Audit Misstatements

There are no corrected misstatements.

## 6. ACTIONS / ISSUES FOR NEXT YEAR'S AUDIT

### 6.1 New Accounting Standards

New accounting standards will have application in future years. A brief discussion of the impact of these follows.

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current. Applies to the financial year ended 30 June 2024.

- This is not expected to impact the financial report.

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments. Applies to the financial year ended 30 June 2023.

- Specific impacts have not been identified.

-AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies or Definition of Accounting Estimates. Applies to the financial year ended 30 June 2024.

- This is not expected to impact the financial report.

### 6.2 Asset Revaluation

Local Government (Financial Management) Regulations 1996 – Reg. 17A requires that Land & Buildings and Infrastructure asset classes must be revalued at fair value at least every five years. As Land & Buildings were last revalued in the 2016/17 financial year, they will need to be revalued in the 2021/22 financial year.

## 6.2 OFFICE OF THE AUDITOR GENERAL INTERIM MANAGEMENT LETTER NOVEMBER 2021

<b>File Reference</b>	ADM0063
<b>Date of Report</b>	10 May 2022
<b>Responsible Officer</b>	Kellie Bartley, Chief Executive Officer
<b>Author of Report</b>	Kellie Bartley, Chief Executive Officer
<b>Disclosure of any Interest</b>	No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> .
<b>Voting Requirement</b>	Simple Majority
<b>Attachments</b>	<b>Attachment No. 6.2.1</b> – Management Letter Interim Audit - November 2021 <b>Attachment No. 6.2.2</b> – Interim Audit – Findings - November 2021

### BRIEF SUMMARY

The purpose of this report is for the Audit Committee to receive the Audit Management Letter from the 2021 Interim Audit.

### BACKGROUND/COMMENT

Lincolns on behalf of the Office of Auditor General visited the Shire of Woodanilling in May 2021 to conduct the Interim Audit for the year ending 30 June 2021.

Interim Audit results are presented to the Audit Committee in Management Letter as contained in **ATTACHMENT 6.2.1**. The focus on the interim audit was to evaluate Council's overall control environment and to obtain an understanding of the key business processes, risks and internal controls relevant to the audit of the annual financial report.

The matters raised in the Interim Management Letter Report and the Shire of Woodanilling Management Letter comments are as contained in **ATTACHMENT 6.2.2**.

There was one moderate finding contained within the Interim Audit Management Letter in the current audit. The find has been reviewed, controls implemented and can be marked off as completed.

### Interim Management Report

INDEX OF FINDINGS	RATING		
	SIGNIFICANT	MODERATE	MINOR
Matters identified during the current year			
1. Payroll Master File Audit Trail Review		✓	

**Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity 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.

#### Officer Comment

In relation to the specific matter raised, below is the comments of this matter and how they were addressed by management:

#### **1. Payroll Master File Audit Trail Review**

##### Finding

It was noted during payroll testing that while the audit trail report for payroll master file amendments for pay periods ended 14<sup>th</sup> October 2020, 27<sup>th</sup> January 2021 and 17<sup>th</sup> March 2021 were printed and saved with the payroll batch reports, these was no clear evidence of review by an appropriate person.

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
Matters identified during the current year			
1. Payroll Master File Audit Trail Review		✓	

### 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.

## 1. Payroll Master File Audit Trail Review

### Finding

It was noted during payroll testing that while the audit trail report for payroll master file amendments for pay periods ended 14<sup>th</sup> October 2020, 27<sup>th</sup> January 2021 and 17<sup>th</sup> March 2021 were printed and saved with the payroll batch reports, there was no clear evidence of review by an appropriate person.

### Rating: Moderate

#### Implication

Without clear evidence of review of payroll master file amendments there is an increased risk of unauthorised changes to the payroll master file and incorrect or fraudulent payroll payments being processed.

### Recommendation

Payroll master file amendments should be formally reviewed by an appropriate person prior to payroll processing and a record of these amendments and review maintained.

### Management Comment

*Audit Trail of access and modification to payroll master file is now reviewed and signed by appropriate officer as part of weekly payroll approval and payment reports.*

**Responsible Person:** Stephen Gash - CEO

**Completion Date:** 1 June 2021

## **STATUTORY/LEGAL IMPLICATIONS**

Regulation 17 of the *Local Government (Audit) Regulations 1996*, states the following:

### **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.*

## **POLICY IMPLICATIONS**

There is no Council Policy relevant to this item.

## **FINANCIAL IMPLICATIONS**

There are no known financial implications upon either Council's current budget or long term financial plan with regards to this item.

## **STRATEGIC IMPLICATIONS**

### **THEME 3**

#### **Governance**

#### **OBJECTIVES**

To promote continual improvement that is supported by efficient and effective governance structures and processes.

#### **STRATEGIES**

By ensuring legislation is used to effectively enable quality decision making.

## **CONSULTATION/COMMUNICATION**

Reporting Officers receive monthly updates to track expenditure and income and to be aware of their work commitments versus budget allocations.

## **RISK MANAGEMENT**

The risk in relation to this matter is assessed as "Low" on the basis that if Council does not receive the Monthly Financial Reports for the month reported leading to the Shire not meeting legislative requirements on financial reporting. The risk identified would be failure to fulfil statutory regulations or compliance requirements.

Consequence	Insignificant	Minor	Moderate	Major	Extreme
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
<b>LOW</b>	Monitor for continuous improvement.
<b>MEDIUM</b>	Comply with risk reduction measures to keep risk as low as reasonably practical.
<b>HIGH</b>	Review risk reduction and take additional measures to ensure risk is as low as reasonably achievable.
<b>SEVERE</b>	Unacceptable. Risk reduction measures must be implemented before proceeding.

**VOTING REQUIREMENTS**

Simple Majority

**OFFICER'S RECOMMENDATION**

*That the Audit Committee recommends that Council:*

1. *Receives the 2020/2021 Interim Audit Findings as contained in **ATTACHMENT 6.2.2**; and*
2. *Receives the 2020/2021 Interim Management Letter as contained in **ATTACHMENT 6.2.1**.*

**AUDIT COMMITTEE RESOLUTION ACM 04/06/2022**

***Cr Morrell seconded Cr Douglas***

*That the Audit Committee recommends that Council:*

1. *Receives the 2020/2021 Interim Audit Findings as contained in **ATTACHMENT 6.2.2**; and*
2. *Receives the 2020/2021 Interim Management Letter as contained in **ATTACHMENT 6.2.1**.*

**CARRIED 5/0**



Our Ref: 7966

7th Floor, Albert Facey House  
469 Wellington Street, Perth

Mr Stephen Gash  
Chief Executive Officer  
Shire of Woodanilling  
PO Box 99  
WOODANILING WA 6316

**Mail to:** Perth BC  
PO Box 8489  
PERTH WA 6849

**Tel:** 08 6557 7500  
**Email:** info@audit.wa.gov.au

Dear Mr Gash

**ANNUAL FINANCIAL REPORT  
INTERIM AUDIT RESULT FOR THE YEAR ENDED 30 JUNE 2021**

We have completed the interim audit for the year ending 30 June 2020. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to evaluate your overall control environment, but not for the purpose of expressing an opinion on the effectiveness of internal control, and to obtain an understanding of the key business processes, risks and internal controls relevant to our audit of the annual financial report.

**Management Control Issues**

I would like to draw your attention to the attached deficiency in internal control that was identified during the course of the interim audit. The matter has been discussed with management and their comment has been included on the attachment. The matter reported is limited to the deficiency that was identified during the interim audit that we have concluded are of sufficient importance to merit being reported to management. Matters we report may be included in our auditor's report in accordance with section 7.9(2) of the *Local Government Act 1995* or regulation 10(3)(a) and (b) of the Local Government (Audit) Regulations 1996. If so, we will inform you before we finalise the report.

This letter has been provided for the purposes of your local government and may not be suitable for other purposes.

We have forwarded a copy of this letter to the President. A copy will also be forwarded to the Minister for Local Government when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Feel free to contact the undersigned on 6557 7675 if you would like to discuss these matters further.

Yours faithfully

Katie MacLachlan  
Acting Assistant Director  
Financial Audit  
17 November 2021

Attach



INDEX OF FINDINGS	RATING		
Matters identified during the current year	Significant	Moderate	Minor
1. Payroll Master File Audit Trail Review		✓	

### 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.

## **1. Payroll Master File Audit Trail Review**

### **Finding**

It was noted during payroll testing that while the audit trail report for payroll master file amendments for pay periods ended 14<sup>th</sup> October 2020, 27<sup>th</sup> January 2021 and 17<sup>th</sup> March 2021 were printed and saved with the payroll batch reports, there was no clear evidence of review by an appropriate person.

### **Rating: Moderate**

#### **Implication**

Without clear evidence of review of payroll master file amendments there is an increased risk of unauthorised changes to the payroll master file and incorrect or fraudulent payroll payments being processed.

#### **Recommendation**

Payroll master file amendments should be formally reviewed by an appropriate person prior to payroll processing and a record of these amendments and review maintained.

#### **Management Comment**

*Audit Trail of access and modification to payroll master file is now reviewed and signed by appropriate officer as part of weekly payroll approval and payment reports.*

**Responsible Person:** Stephen Gash - CEO

**Completion Date:** 1 June 2021

**7. OTHER OFFICER'S REPORTS**

Nil

**8. ITEMS LISTED FOR DISCUSSION**

Nil

**9. CLOSURE OF MEETING**

Meeting closed at 2.47pm.

Unconfirmed