

Date: 11 November 2021

To: Shire President
Deputy Shire President
Councillors



NOTICE AND AGENDA – AUDIT COMMITTEE MEETING

A Shire of Nungarin Audit Committee Meeting will be held in the Council Chambers on Wednesday 17 November 2021 at 2:30pm to receive the following:

1. Draft Interim Management Letter

A handwritten signature in cursive script that reads 'Long'.

Leonard Long
Chief Executive Officer

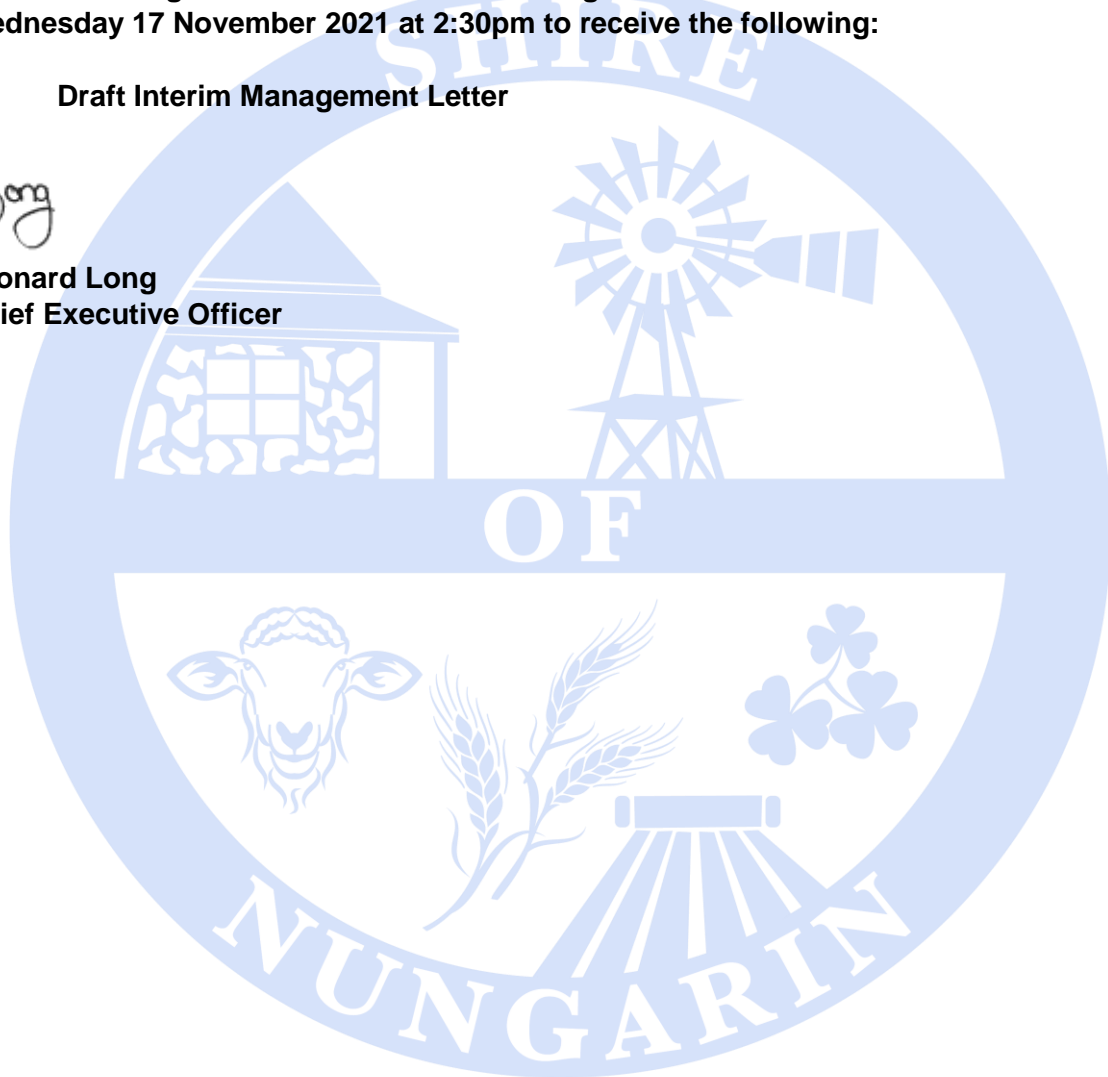


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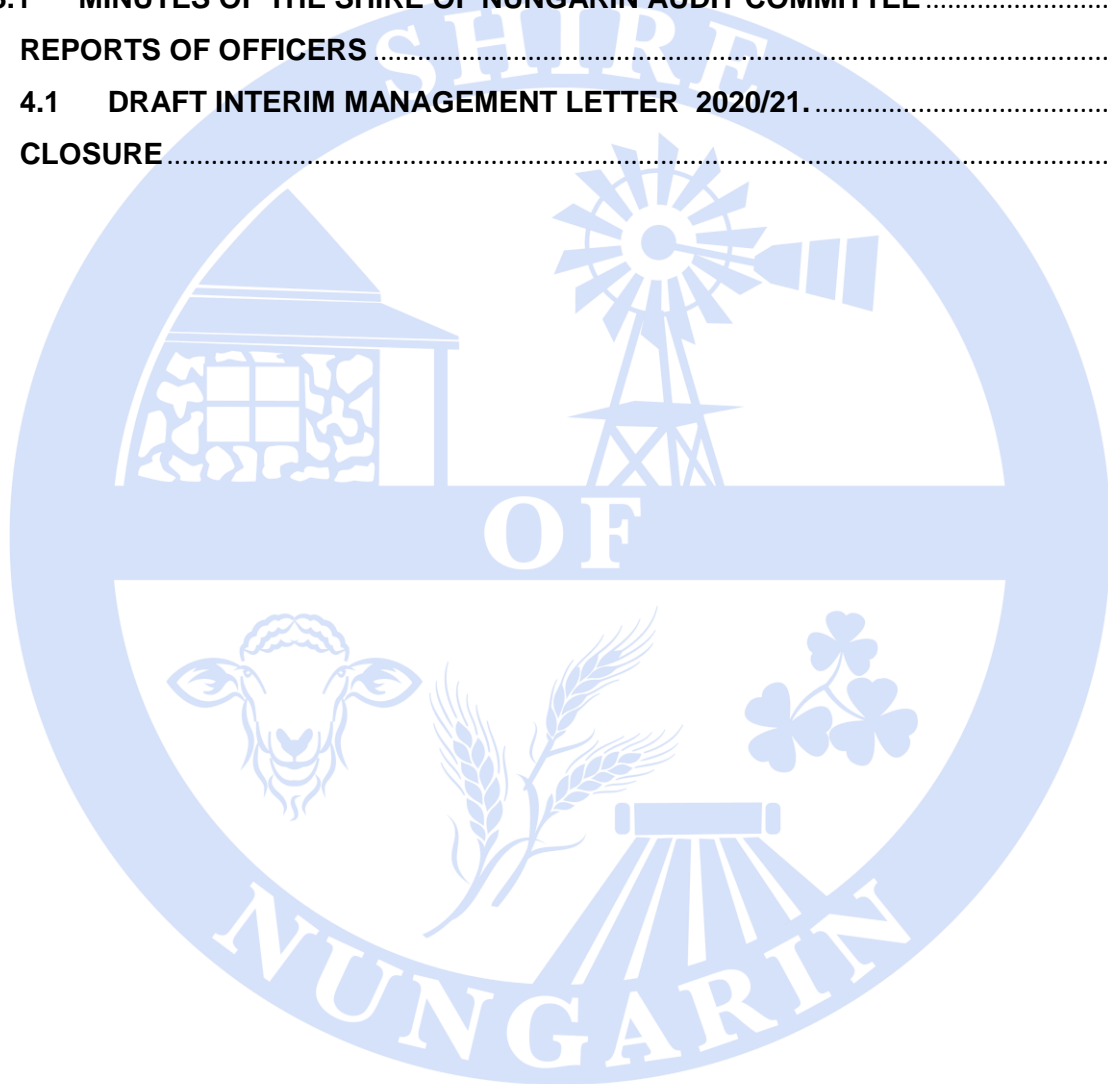
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AGENDA

1. DECLARATION OF OPENING

The presiding member opened the meeting at pm

2. ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

2.1 ATTENDANCE

Shire President (Chairperson)	Cr P de Lacy
Deputy Shire President	Cr G Coumbe
Elected Member	Cr RE O’Connell
Elected Member	Cr K Dayman
Elected Member	Cr W Lee
Elected Member	Cr M Caughey
Elected Member	Cr J Davis
Chief Executive Officer	Mr L Long

2.2 APOLOGIES

3. CONFIRMATION OF MINUTES

3.1 MINUTES OF THE SHIRE OF NUNGARIN AUDIT COMMITTEE

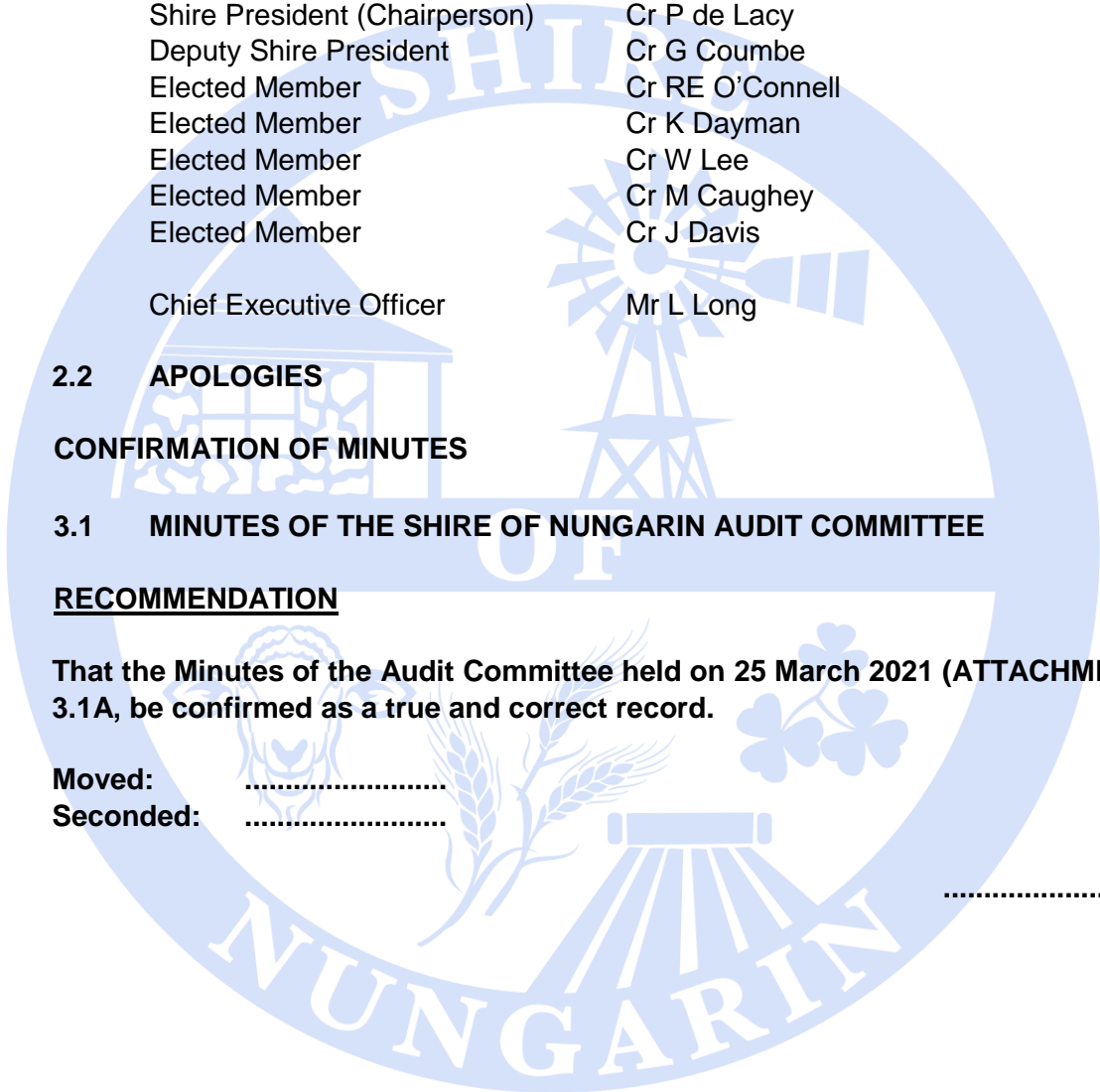
RECOMMENDATION

That the Minutes of the Audit Committee held on 25 March 2021 (ATTACHMENT 3.1A, be confirmed as a true and correct record.

Moved:

Seconded:

.....



4. REPORTS OF OFFICERS

4.1 DRAFT INTERIM MANAGEMENT LETTER 2020/21.	
File Ref:	
Previous Item Ref:	Nil
Applicant:	Nil
Author and Title:	Leonard Long, Chief Executive Officer
Declaration of Interest:	Nil
Voting Requirements	Simple Majority
Attachment Number:	4.1A – Draft Interim Management Letter 2020/21

OFFICER RECOMMENDATION

The Audit Committee:

- Acknowledges the Draft Interim Management Letter 2020/21 attached as Attachment 4.1A.**

Moved:

Seconded:

.....

IN BRIEF

The Audit Committee is required to acknowledge the Draft Interim Management Letter (ATTACHMENT 4.1A) prepared by the auditors for submission to the Auditor General.

BACKGROUND

The annual Council audits are done in two components, the interim audit in August / September and the main final audit in October / November each year.

REPORT DETAIL

During the interim audit a number of issues which occurred prior to November 2020 were identified, these are listed and categorised as follows:

- Minor
Those findings that are not of primary concern but still warrant action being taken.
1. *Employment Contract - employment contract for a recently departed staff member could not be located.*

Resolution:

The personal file missing is that of the previous CEO, staff have searched for the file but could not be located. To prevent this from happening again all personal files are now locked away with only the Snr Finance Officer and CEO having access. In addition, with the introduction of an electronic records keeping system all documents including contracts will be saved both electronically and in hard copy.

The scanning of documents will be one of the duties for the new Part-Time Administration Officer.

- Moderate

Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

1. *Purchase Orders - During sample testing of payments made during the year, the following was identified:*

- 2 supplier invoices where we could not obtain evidence of a purchase order being raised
- 1 invoice where the Purchase Order raised did not include an amount and
- 1 purchase where the purchase order was raised after the invoice was received.

Resolution:

A procedure has been implemented and all staff with authority to sign purchase orders made aware that purchase orders are required to be issued prior to invoices being received. Although allowances are made for purchase order values to be amended should the quoted amount be different to the purchase order. An example of this is where legal advice is requested a purchase order is created at the time of requesting the advice and would be amended to align with the invoice once received, as there is no way of knowing how long the advice would take to prepare and subsequently invoice amount.

2. *Changes to Employee Masterfiles - During sample testing, it was noted the employee master file changes report was not generated for the pay period ending 19 August 2020 and no reports were generated for the period from 3 September 2020 until 11 November 2020.*

Resolution:

The employee masterfiles for the above-mentioned period and prior to the above-mentioned date were not maintained. This has been rectified from 12 November 2020 and employee masterfiles have since been maintained each pay period.

- Significant

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

1. *Financial Management System (Synergy) - Based on our review of user access levels in the financial management system (Synergy), we noted all users have super user access.*

Resolution:

The list of staff on the synergy system include past staff, while they are still listed they have been made inactive. The Shire's IT consultant has advised the names cannot be deleted as that will result in files allocated to individuals no longer being accessible.

Currently the only active staff (x4) are super users

2. *Quotations – Minimum Number not obtained - Based on purchase testing, it was noted approximately 11% of purchase transactions sampled did not have a sufficient numbers of supplier quotes as required under the Shire’s purchasing policy. In addition. there was no documentation to explain why other quotes were not sought.*

These instances were for the period between July – November 2020. We note that a quote declaration form was implemented from December 2020 onwards.

Resolution:

A process has now been implemented that requires quotes or proof of quotes requested or an explanation why quotes were not requested to be placed on the quotation register.

SHIRE OF NUNGARIN COMMUNITY STRATEGIC PLAN 2023

Focus Area	Civic Leadership
Aspiration	A strong local democracy with an actively engaged community and effective partnership.
Objective	16.7 Annually review compliance methods.

OTHER STRATEGIC LINKS

Nil

STATUTORY ENVIRONMENT

Local Government Act 1995, Section 7.9:

Requires the Auditor to examine the accounts and annual financial report by 31 December following the end of the financial year.

Local Government Act 1995, Section 7.12A:

Sets out the requirements for local governments in respect to audits. This includes the need to prepare a report to the Minister within 3 months of receiving the audit report if the auditor identifies any items it considers significant.

Local Government (Audit) Regulations 1996, section 10:

Requires the audit report to be forwarded to the Audit Committee within 30 days of completing the audit.

Local Government (Audit) Regulations 1996, section 16:

Describes the functions of the audit committee.

SUSTAINABILITY AND RISK CONSIDERATIONS

Economic – (Impact on the Economy of the Shire and Region)

Nil

Social – (Quality of life to community and / or affected land owners)

