

SIGNIFICANT AUDIT FINDINGS REPORT



This report is produced in accordance with Section 5.17A(4)(a) of the *Local Government Act 1995* and details the actions the Shire of York has taken and intends to take with respect to the Significant Findings identified in the Audit Report for the 2022/24 financial year.

The table below summarises the Findings, the Auditor’s Recommendations, the Shire of York’s comment at the time of the Audit.

No.	FINDING	RECOMMENDATION	MANAGEMENT COMMENT
1	Untimely preparation and review of bank reconciliations (prior year)	We recommend that the Shire review its bank reconciliation processes to ensure the monthly bank reconciliations are appropriately prepared and reviewed in a timely manner. The bank reconciliation process should include ensuring supporting documentation to the reconciliation is readily available to allow the Shire to perform an effective review. The Shire should ensure an adequate level of training is provided to staff performing the reconciliation. The reviewer should also ensure that reconciling items are accurate and supported and evidence of independent review is maintained.	Significant progress has been made against this item, but works are yet to be completed. Finalisation of the outstanding bank reconciliations is on track for December 2024.
2	Lack of segregation of duties with purchasing (prior year)	We recommend management review its underlying policies, procedures, systems and controls around ordering, receipting and approving payment of goods and services. Policies and procedures implemented should ensure sufficient and appropriate segregation of duties is achieved and these should be communicated to all staff.	This was considered as part of the Audit Reg 17 and FMR Reg 5 Review in 2023. The recommendations regarding segregation of duties were received by Council at its December 2023 OCM and the corresponding updates to Policy F2 - Procurement adopted. The residual risk after the implementation of these recommendations was presented to the Audit and Risk Committee (ARC) at its June 2024 meeting. ARC considered this item and

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		<p>The Shire should also review its delegated financial authority to ensure it remains appropriate to meet the Shire's risk assessment and procurement requirements.</p> <p>As part of ensuring segregation of duties, where purchases are initiated in business units that are not their own, relevant managers should undertake checks and make enquiries as necessary to verify and authorise each transaction.</p>	<p>recommended to Council that appropriate adjustments had been taken to segregate purchasing duties noting that this would not always be possible. At its June 2024 Ordinary Meeting, Council agreed with the recommendation and voted to accept the residual risk.</p>
3	Fortnightly payroll reconciliation (prior year)	We recommend management to ensure that fortnightly payroll reconciliations are adequately performed, and evidence of independent review is retained.	As noted by the auditors this process has been undertaken fortnightly since December 2023.
4	Unrecorded liabilities	We recommend that management puts in place a process to ensure that year-end invoices are captured appropriately in the correct period.	Noted. A process will be developed to prevent recurrence of this incorrect posting.

In accordance with Sections 7.12A(4)(b) and 7.12A(5) of the *Local Government Act 1995* a copy of this report is provided to the Minister for Local Government and published on the Shire's website.

Further information in relation to the report is available by contacting Alina Behan, Executive Manager Corporate & Community Services, on 08 9641 0500 or records@york.wa.gov.au.

Chris Linnell
CHIEF EXECUTIVE OFFICER

Dated: 17 December 2024