

SHIRE OF IRWIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Excessive leave balances	No		✓		
2. Update of UV Valuations in SynergySoft	No		✓		

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.

SHIRE OF IRWIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Excessive leave balances

Finding

Audit testing identified that a number of employees hold significant accrued annual leave balances, in excess of levels stipulated in the entity's policies and procedures/employee contracts.

Audit testing identified four employees that had more than 304 hours (eight weeks) of annual leave entitlement, resulting in a provision of \$58,593 relating to all annual leave hours in excess of the 304 hours.

Rating: Moderate

Implication

There are increased cash flow risks and business disruption risks associated with employees accumulating large leave balances, if an employee or a number of employees leave the entity or take leave at similar times.

Furthermore, excessive leave balances may have adverse effects on the entity including:

- key staff not being rotated, a preventive control against fraud; and
- health and safety concerns with employees not taking their leave entitlements.

Recommendation

We recommend management review accrued leave balances and encourage employees with leave balances in excess of entity's policy levels to take leave or consider being paid out excessive leave. We further recommend regular review of leave balances to mitigate this risk going forward.

Management comment

Management accepts the finding of excessive leave balances.

Agreed action

A new policy is underway which will aim to reduce the accumulation of excessive leave balances. As per the recommendation above, employees will be encouraged to either take their leave or cash payment to reduce their excessive leave.

Responsible person: CEO
Completion date: 30 June 2025

SHIRE OF IRWIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Update of UV Valuations in SynergySoft

Finding

Audit testing identified that during the year ended 30 June 2024, the Shire of Irwin had invoiced approximately \$263,065 in rates associated with the prior periods. These rates were levied as back charges as the Shire of Irwin had inadvertently failed to update the UV valuations for Mining Leases within its software package for levying rates.

Rating: Moderate

Implication

Whilst not material, the circumstances in which the above has arose suggest that there is/was an oversight in the updating of UV Valuations within the Shire of Irwin's software suite. Similar failings in the future could lead to an under-collection of rates revenue for the Shire of Irwin and inability to utilise such funds in the delivery of its annual budget.

Recommendation

We recommend management implement controls and policies in order to govern the uploading and checking of UV Valuations into software packages on annual basis, in order to ensure the uploaded information is consistent with Landgate's Valuation Role.

Management comment

Due to the constant change of staff in the position of Rates Officer, it appears that the process of updating UV valuations was omitted.

Agreed action

The Shire has now revised its procedure for updating valuations in SynergySoft and has also put in place a new reconciliation which ensures that Synergy Valuations are reconciled back to Landgate Values on a monthly basis.

Responsible person: Manager Finance
Completion date: 30 June 2025