

Financial Management Review 2023/24

Responses highlighted blue in the table below show completed actions.

Management Response

Bank Reconciliations processes require review to ensure current practices are documented.	The Shire is aware that documented processes and procedures are required for all aspects of the finance system, these are being developed on an ongoing basis.
End of Month checklist to be developed to ensure all processes are completed.	The End of Month Checklist has been developed, however is not being used regularly. This will become part of the usual end of month process, with the EMCS to sign off each month. Some additional items will also be added to deal with items raised in the FMR relating to end of month procedures.
Appropriate segregation of duties relating to processes for sundry debtors credit notes need to be developed.	A new process was implemented upon receiving draft feedback on the FMR. All credit notes must now be requested by either an Exec Manager or the CEO with an explanation as to why the credit note is required. This will be formalised in a written document moving forward.
In future, the rates notices/ newsletters need to contain a statement of objects and reasons for imposing differential rates, differential minimums and service charges.	As part of the move to digital rates being offered to ratepayers from the 24/25 financial year, the rear page of the rates notice has been reviewed with some additional information provided. The rates newsletter will also be updated to contain the information outlined by Moore prior to being sent out.
Key reconciliations should be completed prior to the finalisation of the monthly financial reports.	This will be added to the End of Month Checklist moving forward to ensure completion and sign off occurs each month within the required timeframe.
Segregation of duties relating to procurement related activities need to be reviewed and documented.	The finance team are currently reviewing processes around purchasing and developing a recommendation for processes moving forward. This has been ongoing for a number of months and has included seeking advice from other local governments on what options are available. The current process has not been flagged by the auditors as presenting any issues.
Two samples did not have accompanying purchase orders (PO) that could be produced.	One of these samples was the monthly payment of the Belgravia Leisure management fee. We had previously been advised by the auditors that a PO was not required for these ongoing monthly contract payments. The second was related to road construction and appears to be an anomaly.
ABA banking files storage location to be reviewed to improve security.	Though the current location is locked to only a handful of staff, it has been recommended that no more than three or four staff have access. This will be implemented prior to the next pay period.
Monthly payroll reconciliations noted three imbalances, however these imbalances were reported at the time and records were maintained to support the reasons for the imbalances. It is	The current controls will be documented to ensure their continuation. The finance team will endeavour to have any imbalances rectified prior to the next pay run occurring.

suggested that these controls and practices are continued.	
Two staff members did not sign credit card agreements at the time of receiving their credit cards, however a process was implemented mid-last year that has ensured all card holders since have completed this agreement.	There was previously no credit card agreement for staff to sign when there were issued with their credit cards, at the time this was highlighted this was rectified and staff receiving their cards since then have signed the agreement and been added to the register.
Credit card reconciliations are not completed prior to the monthly funds direct debit being completed. The recommendation is for staff to check their statements earlier in the billing cycle.	The EMCS will check credit card statements when pulling through creditor/ payroll batches each week and check any suspicious looking transactions with the respective executive. A work instruction for this will be developed.
Fixed asset reconciliations are delayed until the sign off of the annual financials each year, the reviewers suggest that attention be drawn to this in the monthly statement of financial activity.	A comment will be included in the monthly statement of financial activity for months prior to the completion of the Fixed Asset Reconciliations until the sign off of the Annual Financial Report.
A review of the asset register to ensure depreciation details match key accounting information requirements. Ensure updates to the asset register include review and authorisation by an independent officer.	An annual process will be implemented as part of the End of Year Checklist to review the asset register and ensure depreciation rates match to the accounting information requirements and any changes required are reviewed and authorised by the EMCS.
Regular review of cost reallocations to ensure accuracy and so that administration costs are not being incorrectly capitalised.	A review will be undertaken to review cost allocations prior to the 2024/2025 budget adoption. This review will be added to the Budget Checklist to ensure it is undertaken annually as part of the budget process.
Review of activity based costings to support calculation of rates being applied. Procedures to be developed to ensure regular review and monitoring of these costs.	A review of activity based costing will be undertaken prior to the 2024/2025 budget adoption. This review will be added to the Budget Checklist to ensure it is undertaken annually as part of the budget process. These costs will also be monitored and added to the End of Month Checklist.
The Annual Report requires a statement relating to the process of applying for information under the Freedom of Information Act.	This information has been included in the draft 22/23 Shire of Merredin Annual Report.
The link to the payment listing attachment from the January 2023 Ordinary Council Meeting is not working on the Shire's website. The payment listing is required by legislation to be published with the meeting minutes.	The Governance team will investigate the possible options for dealing with minute attachments in future to ensure they are all available on the website as required.

Written procedures are required for the reconciliation of borrowings.	A work instruction will be developed and this will be added to the End of Month Checklist moving forward to ensure completion and sign off occurs each month within the required timeframe.
Timely reconciliation of stock (including fuel) is required and controls need to be established.	This issue has already been identified through the risk register and processes are beginning to be developed.
Documentation of controls relating to general journal procedures are required. This should include regular audit trails being completed to ensure now unauthorised journals have been completed.	The printing and review of audit trails will be added to the end of month checklist moving forward to ensure completion and sign off occurs each month. A written procedure will also be drafted to outline the processes required.
The investment register is not routinely reviewed by a more senior officer.	Currently the Shire do not have any active investments, with all funds being in the form of cash and held with our Bank. Moving forward the "cash" register which is completed will be added to the End of Month Checklist to ensure sign off occurs each month.
An ICT Strategic Plan is required to be developed.	This has been identified as part of the 22/23 Annual Financial Audit and will be developed in the coming 12 months.
The Business Continuity Plan requires routine testing to ensure validity.	Desktop testing of the Business Continuity Plan will be scheduled prior to the end of the financial year.
Update procedures to ensure the tender register includes all necessary information.	An update of procedures will be undertaken to ensure the tender register includes all necessary information.
The tender register on the Shire's website was not updated (23/24 was not uploaded). This has been rectified.	The website has been updated to include the 23/24 tender register, as per requirements.
One primary return was not completed within the legislated timeframe. This was reported in the Shire's 2022 Compliance Audit Return at the March 2023 Audit Committee meeting.	All 23/24 Primary and Annual Returns were completed by the due date.
Policy 3.5 - Investment Policy requires review and updating. It is suggested that the review timeframe could be amended to align with organisational requirements.	This policy, along with a number of others, will be reviewed in the coming months.