

SHIRE OF MERREDIN**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Payments made above the delegated authorised limit	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 MERREDIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

1. Payments made above the delegated authorised limit

Finding

From our testing of 25 payments made between July 2022 and March 2023, we noted 3 payments were made above the delegated authority of the Executive Manager Corporate Services (EMCS).

All 3 payments were related to the quarterly emergency services levy payments to the Department of Fire and Emergency Services, and were approximately \$63K each. The EMCS's delegated authority to make payment is \$55K, as per the Register of Delegated Authority.

Rating: Minor

Implication

When payments are made above the authorised delegated limit of the authorising officer, there is a risk that unauthorised large purchases could be made without the CEO's approval, which may result in financial loss to the Shire.

Recommendation

We recommend that management:

- 1) ensure all payments are approved by authorising officers within their delegated authorised limits in the Register of Delegated Authority
- 2) review the delegated authorised limits in the Register of Delegated Authority regularly and update the Register as necessary to ensure they still meet the Shire's operating needs.

Management comment

1. *DFES ESL payments have historically been approved by the Executive Manager Corporate Services (EMCS), due to this area falling under the Corporate Directorate. In the past, payments amounts have fallen just below the Executive payment limit of \$55,000 plus GST and so it was usual practice for the EMCS to sign off. With an increase to the value of these payments in the 2022/23 financial year, they have fallen just above the EMCS authority limit. In future the Finance Officer will allocate all DFES ESL payments that are above \$55,000 to the CEO for sign off.*
2. *The delegated authority limits were reviewed in May 2023 as part of the Purchasing Policy and Register of Delegated Authority reviews. Limits have been published in a memo signed off by the CEO and communicated to all staff via email on 12 June 2023.*

Responsible person: Executive Manager Corporate Services
Completion date: 26.6.2023