

ATTACHMENT

CITY OF KALAMUNDA

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2020

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Councillors and Staff - Primary and Annual returns		✓	
2. Plant and Equipment – stocktake not undertaken		✓	
3. Untimely Credit Card Acquittals			✓

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.
- 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.

ATTACHMENT**CITY OF KALAMUNDA
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2020
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****1. Councillors and Staff – Primary and Annual Returns****Finding**

Whilst reviewing the annual and primary returns of Councillors and staff we noted 3 returns with incomplete (blank) sections.

Rating: Moderate**Implication**

There is an increased risk that returns may be amended without appropriate authorisation if all sections are not completed.

Recommendation

To help ensure compliance with the Local Government Operational Guidelines, each section on both the primary and annual returns is to be completed with relevant disclosure. We note it is acceptable to indicate on the return that the question is not applicable (N/A), or was answered in a previous return, but leaving sections blank is not recommended practice.

Management Comment

Agreed. The issues identified are noted and the City's current practices will be strengthened to ensure all returns comply with the advice provided by the Department.

Responsible Person: Governance Advisor

Completion Date: 31 August 2020

ATTACHMENT**CITY OF KALAMUNDA
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2020
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****2. Plant and Equipment – Stocktake not Undertaken****Finding**

Our review of plant and equipment identified that there is currently no periodic stocktake process in place

Rating: Moderate**Implication**

The absence of a periodic asset stocktake means that discrepancies between the accounting and physical records will not be detected and corrected on a timely basis. This could result in failure to detect theft or loss and/or misrepresentation of asset balances in the annual financial report.

Recommendation

Management should ensure that periodic stocktakes are carried out to confirm the existence of assets.

Management Comment

Agreed. Noting that this relates to only 1% of the City's assets. There are other existing controls to ensure the safe custody of this asset class, however, the City will investigate the costs and benefits involved in periodic stocktakes.

Responsible Person: Manager Asset and Waste Operations/ Manager Financial Services
Completion Date: 31 October 2020

ATTACHMENT**CITY OF KALAMUNDA
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2020
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****3. Untimely Credit Card Acquittals****Finding**

We tested 9 corporate credit card (CCC) statements and found 4 statements were acquitted more than 7 days after the monthly statements were issued.

This practice is inconsistent with the City's credit card policy which requires corporate credit card statements to be acquitted within 7 days of receiving the statement.

Rating: Minor**Implication**

Non-compliance to corporate credit card policy, increases the risk of unauthorised transactions are not being detected and resolved in a timely manner.

Recommendation

Management should ensure that the CCC holders comply with City's corporate credit card policy.

Management Comment

Agreed. The majority of delays experienced related to invoices sought from international vendors. The City will be extending the acquittal timeframe to accommodate exceptional delays as part of the Credit Card policy review to be undertaken.

Responsible Person: Manager Financial Services
Completion Date: 30 September 2020