

BUNBURY-HARVEY REGIONAL COUNCIL
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019
FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. High Leave Accruals At Year End		✓	
2. FMSR and Interim Recommendations			✓
<i>Findings Reports in the Prior Year</i>			
3. Missing Leave Forms		✓	

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.

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1. FINDING- HIGH LEAVE ACCRUALS AT YEAR END

Finding

During our review we identified four employees who have annual leave accrued balances in excess of eight weeks each at 30 June 2019 and nine employees with a current long service leave balance due.

Rating: Moderate

Implication:

Excessive accrued annual and long service leave balances increases the risk of an adverse impact through excessive financial liabilities and may also indicate over-reliance on key individuals. This over-reliance can result in business interruption when the employee takes extended leave or are no longer employed by Bunbury-Harvey Regional Council. Failure to take leave can also mask fraud.

Recommendation:

Bunbury-Harvey Regional Council should continue to manage and monitor the excessive leave accruals to reduce the financial liability, risk of business interruption and fraud.

Management Comment:

The CEO is regularly checking leave balances to address this matter and is requiring staff to apply for extra leave where necessary.

Responsible Officer: Tony Battersby

Completion Date: 30/6/2020

2. FINDING- FMSR AND INTERIM RECOMMENDATIONS

Finding

We note the Interim Management Letter issued 18 June 2019 and the Financial Management Systems Review ("FMSR") report issued 26 July 2019 has not been accepted by Council/audit committee.

Rating: Minor

Implication:

Risk that prior recommendations are not implemented.

Recommendation:

We recommend the Interim Management Letter and Financial Management Systems Review reports be accepted by Council/audit committee.

Management Comment:

These documents will be tabled at the next Audit Committee Meeting and at the Ordinary meeting of Council following this on 28/11/2019.

Responsible Officer: Tony Battersby

Completion Date: 28/11/19

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FINDINGS IDENTIFIED IN THE PRIOR YEAR:

3. FINDING- MISSING LEAVE FORMS

2018 Finding

We were unable to agree various employees (two employees tested) leave taken to approved leave forms.

2019 Finding

We were unable to agree 68 hours of annual leave taken by one employee to approved leave forms.

Rating: Moderate

Implication:

Lack of evidence that employees have requested leave, and that leave taken has been authorised.

Recommendation:

We recommend leave forms completed by employees be signed off by an appropriate level of management as evidence of approval, and retained as evidence of leave taken.

Management Comment:

This has been rectified and management and administration staff are making sure that staff complete forms and all parties sign the form and copies kept on file for audit purposes.

Responsible Officer: Tony Battersby

Completion Date: 29/11/2019