

SHIRE OF WICKEPIN
FINANCIAL MANAGEMENT REVIEW AND REG 17 REVIEW
SEPTEMBER 2021

POLICIES, PROCEDURES AND ACT & REGULATION COMPLIANCE

Scope	Findings	Recommendations
Annual review of delegations	Yes, reviewed June 2021 160621-22	
Policy Manual	<p>Yes, in place. Last full review February 2021.</p> <p>Overview of Policy manual states " The Policy Manual is reviewed by Council every year to ensure its relevance and application within the community in which it serves." Full review was undertaken in February 2021</p> <p>3.1.3 Credit card limit set at \$5,000 in policy manual, limit is \$5,000 and reported as such in the Annual report.</p> <p>3.1.6 and 3.1.8 are the Purchasing Policy and Regional Price Preference. 2.1.17 Tenders for budget item threshold was updated to \$250,000 – this is not consistent with 3.1.6.3</p> <p>3.1.14.1 Annual budget shall be adopted by July Council meeting. 2021 Budget adopted in August 2021</p> <p>3.1.13.2 Monthly Financial Reporting. This policy - Variance Reporting threshold is adopted in August as part of Annual Budget adoption. 3.1.14.2</p>	<p>3.1.6.3 purchasing requirement needs to be updated to the new tender threshold of \$250,000</p> <p>Amend policy 3.1.14.1 to adopt budget by no later than the Ordinary Council Meeting in August. Going to Council In October 2021</p>
Tender Register	<p>Inspection of Tender register, up to date with 2021.2022 tenders. Tender register is kept F:/Tenders>2021.22. There is a electronic copy of all tenders and hard copy kept in FM.TEN.1220. This includes the actual request for tender, receival page, register on opening of tenders and the tender. After tender has gone to Council the minutes containing the successful tender and resolution number is also added to file.</p>	<p>!</p>
Compliance Audit Return	<p>Register of Financial Interests was inspected and all primary and annual returns were present and up to date, including designated Senior Employees, CEO and Manager of Works Services and all staff members that have the authority to produce purchase orders.</p>	

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	Compliance Audit Return for year ended 2020 was adopted on 17 March 2021 at the Governance meeting and at Council Meeting on the 17 March 2021 170321-13 and forwarded to Department of Local Government.	
Audit Committee meeting	Terms of Reference established, meeting dates set for 2021 . 4 meetings per year.	
Integrated Planning Documentation and Updating	Strategic Plan adopted for 2018-2028, 150818-16 due for review 2022. Corporate Plan 2020-2025 adopted March 2020 – 180320-05. Long Term Financial Plan 2015 to 2025. - Under review when AMP plan has been finished. Asset Management Plan In progress. Workforce Plan 2019 – 180919-10	Long term financial plan and Asset Management plans be given priority to be finished. Workforce Plan has been reviewed (going to Council October 2021)
Compliance calendar	Compliance calendar in place that contains all compliance and important dates and deadlines for the Shire of Wickepin	Compliance calendar to be reviewed annually to check that all dates and deadlines are correct.
Business Continuity Plan	Original Plan 2019 – updated September 2021	
Risk Management Framework	Risk Management Plan has been developed. Going to October 2021 Council Meeting for endorsement	
Monitoring of internal compliance with legislation and regulations conducted		
<ul style="list-style-type: none"> • Annual review of Delegations Register. • Gift register maintained. • Complaints register maintained. • Annual Report completed in accordance with the Local Government Act 1995. • Regular monitoring of legislative compliance obtained via circulars provided by the Department of Local Government and other relevant organisations. 	<p style="text-align: center;">Yes.</p> <p style="text-align: center;">Yes</p> <p style="text-align: center;">Yes</p> <p style="text-align: center;">Yes</p> <p style="text-align: center;">Yes</p>	

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<ul style="list-style-type: none"> • Independent end of financial year audits conducted in accordance to Australian Auditing Standards. 	Yes	
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ASSETS

Scope	Findings	Recommendations
<p>Bank Accounts: Municipal Account</p> <ul style="list-style-type: none"> • Entries completed regularly • Outstanding cheques • Bank Reconciliations completed regularly • Payment authorities 	<p>Entries for direct debits and credits entered daily. Direct debits are handled via creditors, which ensures that they are listed in the accounts for payment submitted to Council.</p> <p>All outstanding cheques were current.</p> <p>Formal bank reconciliations are done on a monthly basis, but interim reconciliations are completed at weekly to avoid any discrepancies Two signatories required for cheques. Online banking requires two authorisations. CEO, DCEO and MWS have banking toggles to authorise. Finance Officer has access to view and upload transactions, but cannot authorise transactions.</p>	
<p>Investments</p> <ul style="list-style-type: none"> • Investments are reconciled to supporting documentation and general ledger balances monthly • Investment register completed with details of where amounts are invested, how much, and maturity dates. 	<p>Investments are part of the monthly Municipal Bank reconciliation as this forms part of the Municipal Balance in the general ledger.</p> <p>These details are presented to Council in the monthly financial report and also filed separately. A investment register report is done with the EOM procedures and reviewed and signed.</p> <p>Policy 3.1.9 exists specifying which Banks can be used to invest funds. Under this policy it is required to obtain quotes from Banks authorised under this policy. These quotes are maintained in the investment register.</p>	

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<ul style="list-style-type: none"> • Clear policy exists for the investment of surplus funds • Delegated authority exists for the surplus of funds 	<p>Authority is delegated to Bank account signatories to invest surplus funds – CEO, DCEO and MWS.</p>	
<p>Reserves</p> <ul style="list-style-type: none"> • Reserves are reconciled to the supporting documentation and general ledger balances monthly • Transfers to or from Reserves are accompanied by supporting documentation 	<p>Reconciled monthly. Register maintained with breakdown of reserve balances monthly. Yes, resolution numbers noted for transfers to and from reserves and interest dispersed upon receipt. Total reserves balanced to general ledger and accumulated reserves. Reported to Council in the Monthly Financial report.</p>	
<p>Trust</p> <ul style="list-style-type: none"> • Entries completed regularly • Bank reconciliations completed regularly • Trust liabilities report balanced to bank account and general ledger balances 	<p>Receipting as per daily receipting. Payments and supporting documentation to creditors clerk for payment.</p> <p>Yes, completed as part of the monthly bank reconciliations.</p> <p>Mix of manual and automated trust liabilities used. Trust reconciliations performed monthly reviewed and signed</p>	
<p>Petty Cash/Cash Floats</p> <ul style="list-style-type: none"> • Stored in secure areas when not in use • Policy exists about the use and limitations of petty cash • Reconciled on a regular basis 	<p>Yes, stored in safe. Separate cash float. Daily takings reconciled and placed in banking bags. Banking sent to Narrogin at least once a week with a senior employee.</p> <p>Policy for Petty Cash use 3.1.10. Current procedure is that the DCEO has a key. All purchases need to be accompanied by receipt and petty cash slip, which shows amount and general ledger code.</p> <p>FO reconciles this on a monthly basis. In the FO EOM procedures.</p>	

Commented [NM1]: Reconciling petty cash is already on the monthly checklist for finance officer.

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<p>Fixed Assets</p> <ul style="list-style-type: none"> • Policy for capitalisation of assets • Comparison of actual to budget expenditure for assets • Review of depreciation rates and remaining useful life of assets • Asset register balanced to general ledger monthly • Insurance for assets is maintained and reviewed • Fixed assets are valued in line with Fair value rotation 	<p>Policy 3.1.11.2 states the material limits for different category of assets, Plant, Land, Buildings and Furniture and Equipment.</p> <p>Note 13 – Capital Acquisitions is presented as part of the monthly financial report to Council.</p> <p>Policy 3.1.12.1 states the rates at which Property, Plant and Equipment are to be depreciated at.</p> <p>Included in the Monthly checklist for DCEO, but not completed until the Audit for 2021 has been finalised. (Depreciation)</p> <p>Insurance review completed annually.</p> <p>Plant, Furniture and Equipment now done at cost as per Finance Regulation 17A-2. Land and Buildings done 2017. Infrastructure Other Assets done 2018. Infrastructure Roads 2017. Infrastructure Roads and Land & Buildings to be done by June 2022</p>	<p>That the Policy 3.1.11.2 be modified to include the material limits for infrastructure assets.</p> <p>That Policy 3.1.12.1 be modified to include the depreciation rates for Infrastructure Assets, in line with the Annual Report.</p> <p>The threshold for new assets to be advised to our insurer be checked. Ensure that any new assets purchased over this threshold are insured immediately upon purchase, not just at the annual review.</p> <p>Timetable for fair value to be updated to reflect new dates as per Finance Regulation 17A-2 <i>the carrying amount of all of the non-financial assets of the local government that are plant and equipment type assets measured using the cost model in accordance with the AAS; and 17A-4</i></p> <p><i>A local government must revalue a non-financial asset of the local government referred to in subregulation (2)(a) —</i></p> <p><i>(a) whenever the local government is of the opinion that the fair value of the asset is likely to be materially different from its carrying amount; and</i></p>
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		<i>(b) in any event, within a period of no more than 5 years after the day on which the asset was last valued</i>
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INCOME

Scope	Findings	Recommendations
Receipting of Income <ul style="list-style-type: none"> • Daily Procedures • Reconciliation of Daily Receipts • Banking of Receipts • EFT deposits banked to Synergy 	<p>In Person payments processed immediately and receipt given to customer. Payments received by mail processed at opening of mail- no receipt issued to customer unless requested. Receipt filed in Receipts file daily.</p> <p>Synergy Receipts balanced independently on a daily basis, reviewed and signed.</p> <p>Banking remitted to Narrogin at least weekly</p> <p>FO access online banking on a daily basis to update EFT amounts. A separate batch of EFT remittances completed daily.</p>	
External Operations – Caravan Parks <ul style="list-style-type: none"> • Banking/Reconciliation Procedures 	<p>Wickepin Bookings taken by Caretaker. If customer attends admin office, CSO rings Caretaker to confirm booking is available. EFT Payments are taken at the admin office. Cash is taken by Caretaker. Receipt issued by Caretaker. Administration to keep running tally of receipt numbers. Debtors only raised by request of Caretaker. Agreements in place for the payment of commission. Relying on honesty system</p> <p>Yealering Bookings taken by caretaker. EFTPOS machine in use for taking of EFTPOS payments. Cash payments are taken by caretaker and given to Shire on a regular basis with booking sheets. Debtors only raised by request of Caretaker. Agreements in place for the payment of commission. Relying on honesty system</p>	<p>Above procedure will not work unless copies sent to Administration as part of the reconciliation process. A running tally of receipt numbers issued and reconciled to takings presented. Cost benefits of additional administration need to be weighed against the possible risk. Possible to get EFTPOS machine for use at Caravan Park to encourage Direct payments to avoid cash.</p>

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	Harrismith Bookings taken at Harrismith Hotel. Accommodation summary submitted to Council once a quarter with payment of fees less the commission earned by Caretaker. Again, relying on honesty system.	
External Operations - Swimming Pool • Banking/Reconciliation Procedures	Pool taking and attendance record noted. Amounts taken to Administration on weekly basis. Reconciled by receiving officer.	Cost/Risk benefit not worthwhile for such an expense.
External Operations – Community Centre/Halls • Banking/Reconciliation Procedures	Wickepin Bookings made via Administration, a venue hire form is completed. If Bond required, this receipted to Muni but is kept track of using the Trust system.. Harrismith Bookings made via Sue Asbury (Harrismith Community Centre Committee). Policy 7.1.1.2 discloses terms of use for Harrismith Hall. Yealering Bookings made via Administration. Policy 7.1.1.1 discloses terms of use for the Yealering Hall.	
External Operations – Community Bus • Banking/Reconciliation Procedures	Bookings made via Administration. Booking form completed as well as separate hire form which notes km travelled. Log book kept at Administration to check continuous account of km and bookings. Shire use km are noted in log book. Invoices are issued to customers for hire and kilometres.	
Debtors • Regularity of raising • Collection Procedures	Once a week (Fridays). Spreadsheet of Regular monthly invoices checked at EOM to ensure all possible debts recovered, Policy 3.1.1.3.As per monthly checklist, statements sent every month for outstanding debts. Second friendly reminder sent, then debt handed to DCEO. Monthly checklist being followed, which includes this function,. Reviewed and signed by DCEO	

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<ul style="list-style-type: none"> • Trial balanced reconciled to general ledger • Regular debtors (Private Works, Bus Hire, Venue Bookings, Rentals) • Debtor Write-off 	<p>Standard invoices have been set up in Synergy, some for monthly and some annually. Rentals are on a maintained spreadsheet to ensure that tenants are up to date. Any rentals via the payroll are maintained on this spreadsheet. Private works forms are completed and usually picked up as FO completes payroll and cross checks that debts are raised. Bus hire checked to log book to ensure all raised, as well as credits for receipts for fuel credited against hire.</p> <p>Credit notes credited for 'errors' in raising. Copy files in CNO files and signed by DCEO. No debtor write offs in recent past.</p>	
<p>Rating</p> <ul style="list-style-type: none"> • Annual valuation update balanced to system prior to raising rates • Interim valuations updated and balances to system valuations • Policy for collection/write-offs • Aged trial balance is reconciled to general ledger at least monthly • Rates raised in line with adopted rate in the \$ • Procedures for new valuation requests 	<p>Yes, file imported and reconciled.</p> <p>Spreadsheet of running balance checked after each new schedule received from Landgate. Reconciliations of Valuations are done after new schedule received from Landgate then are processed, printed and reviewed and signed by CEO. Periodically this is checked with the VGO.</p> <p>Policy 3.1.1.2 allows ratepayers to apply in writing to the CEO detailing a payment plan for rates. Policy 3.1 covers recovery of debts, rates and service charges.</p> <p>Reconciled to General ledger every month as part of the Monthly Checklist. Reconciled to August 2021</p> <p>Rates adopted UV 0.8883, GRV 7.112. These values are current on the system. New valuations for UV properties are generated from Advice of Sale Enquiries, should there be contiguous land holdings of existing landowners or if parcels of previously contiguous have be sold in portions or subdivision of properties. New valuations for GRV properties are generated from Certificates of Completion for Building Licences. Once Certificate of Completions issued, electronic copies of plans are being sent to VGO requesting new valuations.</p>	

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PAYROLL

Scope	Findings	Recommendations
Timesheets signed by employee and Supervising Officer	Yes, sighted for dual signatures and consistently applied.	
Total hours worked including overtime are approved before entry	Call out overtime is marked on timesheets and authorised By MWS or DCEO. Overtime covered by LGA Award 2010. Report of hours worked and overtime produced and checked before processing	
Employee files to be secure and include appointment details, contract details, TFN declarations, rates of pay, allowance details, deduction details, and superannuation details.	Employee files held in Strong Room in lockable filing cabinet. Key held by FO. Randomly checked 5 files and all details intact. Employees on contracts have a copy of employment agreement on file as well as in Legal Documents and are designated 'Vital' Records and are held in storeroom. Induction packs very thorough.	
Total hours for pay runs checked prior to payment	Timecards entered by payroll officer and then checked by DCEO for allocation errors. Then timecards are applied and a detailed report of payroll printed. DCEO or CEO check. Pay difference report is also printed to highlight any differences in pay from last period. Explanations of differences noted.	
Payments reviewed prior to creation of payment file for bank	Yes, reviewed by DCEO or CEO. Once reviewed, payroll officer creates bank file. Payroll run finalised, batch updated and payroll balanced prior to the file being uploaded to the bank for authorisation by two officers. Authorisers sign Synergy report acknowledging the bank amount equals the payroll report total.	
Payroll deductions checked regularly for accuracy	All deductions are in written format. Document is held on personnel file. Fortnightly reconciliation highlights deductions.	
Cost allocations are completed by Supervising Officer	Works staff timesheets are completed by MWS and checked by DCEO. Admin allocations are all per budget allocations and reviewed annually as part of budget.	
Terminated employees are removed immediately from the system	Terminations checked for 2020.2021. When termination date entered in payroll calculation for final pay, employee no longer current on Synergy. Part time and Casual employees are on timecards. PAYG reports now submitted to ATO at EOY. No printed summaries to employees.	
Payroll register is reconciled to the general ledger	Done fortnightly prior to upload of file to bank. Reconciled to August 2021	

Commented [NM2]: Employment contracts are on payroll file in DCEO office.

Commented [NM3]: DCEO checks total hours against timecards, leave request forms and previous payruns for accuracy.

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	YTD reconciliations done each fortnight to avoid errors	
Actual to Budget comparisons of wages made and variances explained	Done as part of the Monthly Financial Statement but not highlighted unless a material variance. No material variance to August 2021	
Annual reconciliations of PAYG and payment summaries, superannuation and leave accruals	Done annually as part of BAS and audit process.	
Superannuation remitted on a time	Superannuation remitted fortnightly to Click Super as now required. Submitted immediately after payroll processing and reconciliation completed.	

PURCHASING

Scope	Findings	Recommendations
Purchasing policy/delegations in place and limits not being breached.	Authorisations per policy 2.1.16, including who and limits. Policy updated 17 February 2021. Induction manual refers to purchasing policy. All employees who have authority to complete purchases orders must complete a Primary Return within 3 months of starting and a Annual return each year. Purchasing policy per 2.1.16. was submitted to Governance, Audit and Community Services Committee on 16 November 2016 and to be presented to December Council meeting.	Letter of acknowledgement sent to each employee who has purchasing authority stating terms and conditions as per Policy 2.1.6 and obtain employee signature that these terms and conditions are understood. All new employees who have authorisation need to sign acknowledgement as part of their induction.
Use of purchase order books	Purchases over \$100 must issue a Purchase Order. Register maintained of what order book is issued to which employee – and books signed for. Books in triplicate, original to creditor, second copy to FO, third copy remains in purchase order book. Electronic purchase utilised by office staff. Manual purchase orders are entered into Synergysoft using number of manual purchase order.	
Open or outstanding purchase orders are investigated	FO prints monthly outstanding purchase order report as part of EOM procedure. FO follows up with any purchase orders older than 1 month.	
List of payments presented to Council with explanations	Yes.	
Aged trial balance reconciled to general ledger at least monthly	Yes, completed as part of monthly checklist of FO. Reconciled to August 2021.	
Supplier statements reconciled to ledger	Statements checked to Creditors Aged trial balance and missing invoices followed up. If Invoice number has already been used, a message to inform the FO is generated.	
Purchasing policy for competitive quotes	Policy 3.1.6 states limits and purchasing requirements.	

Commented [NM4]: Provided consistent method of entering invoice numbers is used. Ie inv 000123 or 123

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Large contract and contract register	Contracts register spreadsheet is maintained for all contracts includes proposed payments and actual payments F:\Finance>Contracts	
Credit Cards <ul style="list-style-type: none"> Use of Credit cards expressly stated as per policy Supporting documentation of transactions is retained Credit cards are reconciled on a monthly basis 	<p>Yes. Cardholder limit \$5,000, limit at bank \$5,000. 1 credit card only.</p> <p>Yes, entered in the creditors system as per creditors batch.</p> <p>Yes, as part of allocation of monthly direct debit. Separate Credit card file kept.</p>	

STOCKS

Scope	Findings	Recommendations
Stock – Fuel Reconciliation and balancing <ul style="list-style-type: none"> Stock takes 	<p>Nil – all vehicles have fuel card issued. Dockets for fuel purchases kept and matched to statement.</p> <p>Fuel put in tanker and then allocated to vehicles more difficult to determine. Nil required. Blue metal stocked for individual jobs as required.</p>	MWS to do a 'reasonableness' test every month to determine level of tanker and fuel used.

TAXATION REQUIREMENTS

Scope	Findings	Recommendations
Lodgement of BAS, FBT and PAYG returns by authorised officer	Copy of BAS lodgement on file. Last BAS July 21. Copy of FBT return lodged on file. Last FBT return April 21	
Reconciliation of taxation clearing accounts	Spot check correct. Spreadsheet of monthly BAS items , printed and filed with lodgement receipt form ATO	
Spot check of BAS transactions and allocations	Spot check correct Reports printed and checked by DCEO from Synegysoft. Reconciliation reviewed and signed by CEO	
Accounting policies and procedures specify correct treatment for preparing the fringe Benefit tax within any given financial year.	FBT return completed by DCEO. FBT Return for 2020-21 completed and lodged.	DCEO to keep up to date with FBT Legislation with Training

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OTHER TRANSACTIONS

Scope	Findings	Recommendations
Journals <ul style="list-style-type: none"> • Supporting documentation exists for the posting of journals 	Yes, documentation attached for corrections, CEO counter signed.	

BUDGETS AND REPORTING

Scope	Findings	Recommendations
Budget <ul style="list-style-type: none"> • Adopted prior to 31 August • Rate of interest to be paid on rates was included • Land trading and trading undertakings was included • Investment information was included • Borrowings information was included • Calculation of Net Current Asset position at start of year was included 	Yes, 18 August 2021 resolution 180821-09 Yes, Resolution 180821-10 Yes Yes Yes Yes	
Monthly Financial Report <ul style="list-style-type: none"> • Includes Annual Budget • Includes Monthly Budget • Includes actual to the end of month in review • Material variance adopted • Material variances reported in monthly financial statements with explanations • Net Current Asset position reported at end of month 	Yes Yes Yes Yes - 18 August 2021 Resolution 180821-13 Yes Yes	

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<ul style="list-style-type: none"> • Composition of Net Current Asset Position reported 	Yes	
<ul style="list-style-type: none"> • Statement of Financial Position (Balance Sheet) reconciles 	Yes	
<p>Budget Review</p> <ul style="list-style-type: none"> • Review conducted between 1 January 2020 and 31 March 2021 • Review submitted to Council within 30 days of review • Council adopted/rejected review by absolute majority • Within 30 days of determination, copy of review and determination sent to Department of Local Government • Content of Review 	<p>1 July 2020 – 28 February 2021</p> <p>Yes, submitted to Council 17 March 2021 Resolution 170321-16</p> <p>Yes</p> <p>Yes</p> <p>Includes Budget review by Nature and Type and Program, includes Net Current Asset Position, as well as comprehensive list of predicted variances.</p>	

INFORMATION TECHNOLOGY

Scope	Findings	Recommendations
<p>Information Technology Controls</p> <ul style="list-style-type: none"> • Virus Protection • Backups • System Passwords • Access Controls 	<p>Yes – Trend Micro</p> <p>Daily and taken off site by DCEO . Offsite backup done at IT Service Providers - PCS</p> <p>Yes Synergy system capable of many different access levels. Set to Officer level</p>	

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<p>System Access Restrictions</p> <ul style="list-style-type: none"> • Matrix of Employees and System Access maintained • Processing restrictions • Reporting restrictions 	<p>An internal records access review was undertaken to assess current access v required access, which seems functional. Access is managed by DCEO.</p> <p>Yes, in place .</p> <p>Yes, in place.</p>	<p>Annual review of access should be performed to maintain security.</p>
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