

# Shire of Coolgardie

## 2021/22 Audit Management Report

### Action List

Matter Raised	Area of Concern	Action Taken / Proposed Action	Measurement of Success
<p><b>During the year, while the Shire revalued land, buildings and some classes of infrastructure assets (parks, ovals and reserves, sewerage and other infrastructure), management did not perform a robust annual fair value assessment of the other classes of infrastructure (roads, footpaths, drainage) as required by AASB 13 Fair Value Measurement.</b></p>	<p>Without a robust assessment of fair value of the Shire's infrastructure assets there is a risk that the fair value of infrastructure assets may not have been assessed adequately and in compliance with AASB 13 Fair Value Measurement, as well as Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations).</p>	<p>Roads, footpaths and drainage asset classes will be revalued in the 2022/23 financial year meaning that by 30 June 2023 all asset classes would have been revalued within a 12 month period.</p>	<p>Compliance with AASB 13 Fair Value Measurement.</p> <p>Compliance with Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations).</p>
<p><b>Bank reconciliations not prepared on a timely basis</b></p>	<p>Failure to prepare and independently review bank reconciliations timely, increases the risk of fraud, errors and omissions remaining undetected, which in turn could lead to misstatements to the Shire's financial reporting.</p> <p>There is further risk of non-compliance with Regulation 5(2)(a) of the Local Government (Financial Management) Regulations 1996 which requires the CEO to ensure that the resources of the local government are effectively and efficiently managed.</p>	<p>Bank reconciliations now completed, reviewed and signed by an independent person on a monthly basis.</p>	<p>Bank accounts balanced to general ledger every month.</p> <p>No outstanding receipts or payments to remain unreconciled for a period greater than 3 months.</p> <p>Unpresented cheques not to exceed 12 months from date of issue.</p>

<p><b>Disposals are subject to Section 3.58 under the Local Government Act 1995 (the Act). Per Shire Policy, disposals are to be approved as part of Annual budget, or else must be approved by the Council who will decide on the appropriate way to dispose of the asset in line with the Act.</b></p>	<p>There may be an increased risk of theft or misappropriation of assets if assets are disposed without appropriate approvals, resulting in financial loss to the Shire. The Shire may also not be in compliance with the requirements of Section 3.58 of the Act.</p>	<p>This matter has since been addressed and the procedure for asset disposals amended in the Uniqco Standard Operating Procedures manual to reflect the requirements of Section 3.58 of the Act.</p>	<p>Compliance with Standard Operating Procedures manual.</p> <p>Compliance with Section 3.58 of the Act.</p>
<p><b>During our review of land and buildings valuations, we noted that two non-specialised buildings with a fair value of \$280,000 (revaluation gain of \$151,861) and one specialised building with a fair value of \$200,000 (revaluation gain of \$36,415) were not included in the valuation performed by management's third-party expert. These buildings were subsequently revalued by management. The buildings were valued based on management's best estimate, based on nearby housing valuations. However, management was unable to provide valid supporting documentation for the inputs used in the valuation of these assets.</b></p>	<p>Failure to maintain adequate documentation of inputs used in management's valuations of assets, increases the risk that the asset valuations may be materially misstated in the financial report.</p>	<p>In future where management valuations are required and/or applied, a more robust rationale for the inputs used will be documented.</p>	<p>Compliance with AASB 13 Fair Value Measurement.</p> <p>Compliance with Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations).</p>