

Shire of Coolgardie

2019/20 Audit Management Report

Action List

| Matter Raised | Area of Concern | Action Taken / Proposed Action | Measurement of Success |
|---|--|---|---|
| <p>There is a significant adverse trend in the financial position of the Shire</p> | <p>The Operating Surplus Ratio has been below the industry benchmark for the past 3 years.</p> | <p>The difference between operating revenue and operating expenditure was \$3,695,625 (2018/19 - \$2,888,026). Consequently, in order to meet the standard and improve the ratio Council needs to have the following strategic conversation with the community;</p> <ul style="list-style-type: none"> • Increase revenue generated from fees & charges • Increase rates at a much higher rate than currently imposed for the next 5-10 years • Increase rates revenue through rating of mining infrastructure • Reduce levels of service on all operating activities <p>Council and management will continue to explore areas to help improve the operating position of the Shire.</p> | <p>A reasonable measure of success is to see a steady improvement in the ratio over a period of time.</p> <p>Council have an expectation of meeting the benchmark within a 10 year period as highlighted in the Shire's Long Term Financial Plan.</p> |
| <p>Emphasis of Matter – Basis of Accounting</p> | <p>Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), did not allow a local government to recognize some categories of land, including land under roads, as assets in the financial report</p> | <p>Land vested to the Shire shown in the 2018/19 Annual Financial Statements was removed retrospectively with the restated financial data is shown in the 2019/20 Annual Financial Statements</p> | <p>The changes in the 2019/20 Annuals Financial Statements are in line Regulation 16 of the Local Government (Financial Management) Regulations 1996</p> |

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| <p>Revenue not recognised in accordance with new accounting standards</p> | <p>During the interim audit sample testing of revenue transactions (rates, grants and fees & charges) noted that:</p> <ul style="list-style-type: none"> • waste collection fees have not been recognised in accordance with AASB 15; • sewerage charges have not been recognised in accordance with AASB 15; and • 3 instances out of a total of 17 grant revenue transactions tested (18%) have not been recognised in accordance with the requirements of AASB 1058 in relation to capital grants. <p>Furthermore, the impact of the application of AASB 15 and AASB 1058 had not been recognised at 1 July 2019.</p> | <p>This matter raised in the Interim Management Report was addressed at year end with the position being stated correctly as at 30 June 2020 in the Annual Financial Report.</p> | <p>Continual adherence with the revenue recognition principles outlined in AASB 15 & AASB 1058.</p> |
| <p>Purchase orders</p> | <p>Sample testing of 10 payment transactions noted an instance where a purchase order was not raised and another instance where a purchase order was raised after the date of the corresponding supplier invoice.</p> | <p>Training and support in the areas of governance and compliance is ongoing within the organisation and resources engaged by the Shire in these areas are available for staff to utilise at any time.</p> | <p>Adherence with the Shire's Procurement Policy.</p> |