

**SHIRE OF NANNUP****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Outdated policy - risk management	No			✓	✓
2. Disaster recovery plan	No			✓	
3. Council minute inconsistency	No			✓	
4. Payment exceptions	No			✓	

**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. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed 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.

**SHIRE OF NANNUP**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024**

**FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

**1. Outdated policy – risk management**

**Finding**

We noted that the Shire's risk management policy still refers to the previous risk management standard (ISO 31000:2009), rather than the current Risk Management standard ISO 31000:2018.

This issue was first raised in 2021-22.

**Rating: Minor**

**Implication**

Risk of policy being out of date and non-compliance with the current standard.

**Recommendation**

We recommend that management review and update the risk management policy to ensure the policy remains up to date. This includes updating references to applicable standards and legislation as changes arise.

**Management comment**

*This will be undertaken in the 2024/25 Financial Year.*

**Responsible person:**

Kim Dolzadelli – Executive Manager Corporate Services

**Completion date:**

Ongoing

**SHIRE OF NANNUP**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024**

**FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

**2. Disaster recovery plan**

**Finding**

Our review of the Shire of Nannup's plans noted that the Disaster Recovery Plan (DRP) was due for formal review in February 2024, however as at the date of our interim audit this review had not yet occurred. The plan was last reviewed in November 2023.

**Rating: Minor**

**Implications**

Risk of DRP being out of date and not reflective of the current practices of the Shire of Nannup.

**Recommendation**

We recommend that the DRP be reviewed and updated as required in accordance with the Shire's review dates specified.

**Management comment**

*This will be undertaken in the 2024/25 Financial Year.*

<b>Responsible person:</b>	David Taylor (Chief Executive Officer)
<b>Completion date:</b>	Ongoing

**SHIRE OF NANNUP****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****3. Council minute inconsistency****Finding**

Our review of the 24 August 2023 Ordinary Council Meeting minutes for adoption of the 2023/24 Annual Budget identified that the council minutes indicated that the rate in the dollar for UV – Plantations was listed as 0.004710, however the Budget attachment listed 0.005178, which is what has been applied to the actual rate notices for UV Plantations. Upon further investigation, it was noted that the Council endorsed the resolution to adopt the budget as per the attachment to the minutes, therefore adopting the UV Plantation rate in the dollar of 0.005718.

**Rating: Moderate****Implications**

This inconsistency between the Ordinary Council Meeting minutes and the attached 2023/24 Annual Budget could lead to confusion and misinterpretation among rate payers, Council members and staff.

**Recommendation**

We recommend when preparing the Ordinary Council Meeting minutes, particular attention is placed on sensitive figures that are subject to higher levels of stakeholder scrutiny.

**Management comment**

*Agree with Auditors observation and recommendation.*

<b>Responsible person:</b>	Kim Dolzadelli – Executive Manager Corporate Services
<b>Completion date:</b>	Ongoing

**SHIRE OF NANNUP**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024**

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**4. Purchase order raised after invoice date**

**Finding**

From our sample testing of 25 payments the following exception was identified:

- 1 instance where the authorised purchase order was dated after the date of the corresponding invoice

**Rating: Minor**

**Implications**

Non-compliance with standard Council purchasing policies.

**Recommendation**

Although we consider the above items to be an isolated instance, we recommend that staff members ensure purchase orders are raised before goods and services are received.

**Management comment**

*Agree with Auditors observation and recommendation.*

**Responsible person:** Kim Dolzadelli – Executive Manager Corporate Services

**Completion date:** Ongoing