SHIRE OF CUNDERDIN

AUDIT, RISK AND IMPROVEMENT COMMITTEE - STATUS REPORT

MEETING DATE	MINUTE ITEM NO. & HEADING	ISSUE	COMMENT	STATUS	RESPONSIBLE OFFICER
17/12/2025	5.1 Annual Report and Auditors Report 2024/25	Auditors Management Letter: ***Month end reconciliations*** *During our review of year end reconciliations, we noted that the following month-end reconciliations were not prepared in a timely manner i.e. between 94 to 102 days after the end of the month:* *• Fixed Assets* *• Borrowings Payment* *We noted that there were no reconciling items for the above reconciliations.*	Going forward, the asset register will be updated and reconciled on a monthly basis as part of routine end of month procedures. Monthly reconciliations for borrowings will also be completed and reviewed, noting that this area poses a lower risk due to there being only one active loan.	COMPLETE	DCEO
17/06/2026	5.1 Interim Audit Management Letter for the year ended 30 June 2026	Auditors Interim Management Letter: ***1. Bank reconciliations not properly performed*** *Our review of the Shire's bank reconciliations noted that multiple reconciliations were either not performed or prepared in a timely manner across the Shire's bank accounts, specifically:* • *Municipal Bank Account* ○ *Reconciliations were not performed for the period September 2025 to March 2026* ○ *Reconciliations for July and August 2025 were not prepared in a timely manner and lacked evidence of preparation and review. In addition, a long-*	Management acknowledges this finding. During the period under review, the Shire experienced staffing changes within the finance function, including the commencement of the current Deputy Chief Executive Officer in September 2025. Upon commencement, a backlog of unreconciled bank accounts and outstanding reconciling items was identified, and key reconciliation processes were not being completed within the Shire's required timeframes. Since identifying the issue, management has prioritised the completion of outstanding bank reconciliations and the investigation of long-outstanding	COMPLETE	DCEO

		outstanding reconciling item of $12,048 relating to the 2025 financial year remains uncleared.
		• *Trust Bank Account*
		  ○ *Reconciliations were not performed for the period July 2025 to March 2026*
		• *Reserves Bank Account*
		  ○ *Reconciliations were not performed for the period January to April 2026*
		  ○ *Reconciliations for July to September 2025 were not prepared in a timely manner*
			reconciling items. Progress has been made in reducing the backlog, with remaining reconciliations continuing to be completed and reviewed. Reconciliation processes and monitoring controls are also being reviewed to improve timeliness, ensure appropriate evidence of preparation and review is retained, and strengthen oversight of these key financial controls.
			
			Management is committed to resolving the outstanding reconciliations and ensuring reconciliations are completed accurately and in a timely manner going forward.		

17/06/2026	5.1 Interim Audit Management Letter for the year ended 30 June 2026	***2. Fixed assets reconciliation not properly reviewed*** *Our review of the Shire's March 2026 fixed asset reconciliation workings noted that the Shire has not been effectively reconciling its fixed asset register to the general ledger control account balances.* *The reconciliation, which had been signed off by the DCEO and CEO, reflected a variance of $60,102 between the fixed asset register and the general ledger control account balances. This variance was not adequately investigated or explained as part of the reconciliation*	Management acknowledges this finding and accepts the recommendation. The variance identified in the March 2026 fixed asset reconciliation was the result of a formula error within the reconciliation worksheet. While the reconciliation was prepared and reviewed, the review process did not identify the spreadsheet error, resulting in an unexplained variance remaining within the reconciliation. Management will review and update reconciliation procedures to improve the effectiveness of independent review	COMPLETE	DCEO

		process. Further investigation revealed the variance arose was due to a formula error within the reconciliation worksheet which the independent review did not identify the error, indicating the review control was not operating effectively.	controls and reduce the risk of similar errors occurring in the future.		