



Shire of Denmark

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AUDITED FINANCIAL STATEMENTS 2017/2018 SIGNIFICANT MATTERS IDENTIFIED AND ACTION PROPOSED

Local Government Act 1995 s.7.12A (4)

Report and Actions

Significant Matter	Finding	Action Taken or Proposed
General Journal Review	It was noted supporting documentation for accounting journal entries was not maintained at all times and there was no evidence of an independent review/approval of journals.	<p>An Accounting Procedure – “<i>General Journals</i>” has been drafted to suit the Shire of Denmark’s organisational structure and operational requirements.</p> <p>This procedure documents the use, authorisation and control over journal entries. It is expected that this procedure will be adopted by management as an internal administrative process improvement during February 2019.</p>
Financial Ratios	The auditor noted the asset renewal funding ratio for the year ended 30 June 2018 and the preceding years has not been included in the financial report. The auditor also noted that there are no comparatives for the asset consumption ratio.	<p>During the 2017/18 financial year a significant amount of work was done in respect to the preparation of a Long Term Financial Plan (LTFP) and review of the Shire’s Asset register content and accuracy and work on this has continued in 2018/19.</p> <p>The Shire currently has a “draft LTFP” which has been workshopped with Council, and includes all the information required to calculate this ratio, however it is not yet adopted. Once the LTFP is adopted this ratio will be calculated to comply with the regulations.</p>