Shire of Northampton
Simply Remarkable

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Our Ref: 1.1.3
Enquiries: Andrew Campbell

6 January 2025

Hon Hannah Beazley MLA
Minister for Local Government
7th Floor Dumas House
2 Havelock Street
WEST PERTH WA 6005

Dear Minister Beazley,

SIGNIFICANT FINDING FROM 2023/24 FINANCIAL MANAGEMENT REPORT

The Shire of Northampton has completed its 2023/24 audit with the Financial Management Report identifying one significant rating. In accordance with the requirements of the *Local Government Act 1995*, you are being advised of this matter and the actions taken to correct.

Significant Audit Finding

SHIRE OF NORTHAMPTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Non-Compliance with Local Government Act and Regulations

Audit procedures identified the following:

- Draft 30 June 2024 financial statements were submitted to the auditor post 30 September 2024 representing a breach of Section 6.4 of the *Local Government Act 1995.*
- Reserves term deposit accounts were closed in error and transferred to the Municipal Bank Account representing a breach of section 8 of the *Local Government (Financial Management) Regulations 1996.* We note the Shire subsequently took action to correct this matter by opening new reserve term deposit accounts in August 2024.

Rating: Significant

Implication

- Non-compliance with Section 6.4 of the *Local Government Act 1995.*
- Non-compliance with Section 8 of the *Local Government (Financial Management) Regulations 1996.*

Recommendation
We recommend that the Shire establish and implement robust procedures to ensure compliance with the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996. These procedures should include timely submission of financial statements and proper management of reserve accounts to prevent similar non- compliance issues.

Management comment
Noted, and Reserve issue corrected.

Responsible person: Completion date:

Andrew Campbell Chief Executive Officer 09/12/2024

Action taken by Shire of Northampton

1. The Shire of Northampton lost a key senior employee on 31 May 2024 who was responsible for financial control. As a result of this the new employee commenced and identified, in conjunction with consultancy support, deficiencies in the approach to Shire accounts that required correction. An extension to the submission deadline was sought and received from the Department of Local Government, Sport and Cultural Industries until the 25 October 2024 to enable corrections to be made with the final draft accounts submitted by the next working day on 28 October 2024. This matter is unlikely to arise in the future now that the account approach has been corrected.
2. Reserve term deposits expired just prior to the end of the 2023/24 financial year and rather than following past practice of rolling Reserve term deposits over, a dedicated Reserve account was created to ensure more transparent financial management. Due to the timing of the creation of the new Reserve account and the delay from the Shire's banking institution, the Reserve funds had to be transferred to the Municipal Account as an interim step and this coincided with crossing over into the 2024/25 financial year, identified by the audit. A Reserve account is now established, and this issue will not arise in the future.

A copy of the Management Report and the Audit Committee Minutes considering the matter are attached.

If you would like to discuss this matter further, please do not hesitate to contact me at ceo@northampton.wa.gov.au.

Yours sincerely

Andrew Campbell
CHIEF EXECUTIVE OFFICER