

SHIRE OF KULIN

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. General journals	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.

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1. General journals

Finding

We performed sample testing of 10 general journals and identified that five out of 10 were not signed by the preparer. We acknowledge that Synergy reports include the name of the journal preparer once posted.

Rating: Moderate

Implication

Without evidence of independent preparation and review of general journals, there is a risk that material misstatements or errors may go undetected, potentially impacting financial accuracy and compliance.

Recommendation

We recommend that general journals are subject to independent review and are formally signed off by both the preparer and the reviewer prior to being raised, to enhance accountability and mitigate the risk of undetected errors.

Management comment

Currently, general journal entries are not manually signed by the preparer, as SynergySoft automatically prints the preparer's name at the top of each printed journal. In addition, audit trail reports are available to confirm who prepared each entry. Given our small finance team—of which only three members know how to process general journals—we have not considered a preparer signature necessary.

We acknowledge, however, that the key control is the independent review and sign-off of journals.

While we view this as a minor procedural matter, we will update our internal processes to ensure that both the preparer and the reviewer sign all general journal entries going forward.

Responsible person: Fiona Murphy
Completion date: 26 June 2025