

CITY OF BUSSELTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. High Annual Leave Accrual at Year End			✓

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.
- 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.

CITY OF BUSSELTON**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. HIGH ANNUAL LEAVE ACCRUAL AT YEAR END****Finding**

During our review, we identified twenty five employees who have annual leave accrued balances in excess of 300 hours each as at 30 June 2019.

Rating: Minor**Implication:**

Excessive accrued annual leave balances increases the risk of an adverse impact through excessive financial liabilities and may also indicate over-reliance on key individuals. This over-reliance can result in business interruption when the employee takes extended leave or is no longer employed by the City. Failure to take leave can also mask fraud.

Recommendation:

The City should continue to manage and monitor the excessive annual leave accruals to reduce the financial liability, risk of business interruption and fraud.

Management Comment:

The finding in relation to excessive leave balances for some employees is acknowledged, although it should be noted that this is an issue in relation to a small percentage of long term employees only and the City does not generally have a problem with excessive leave balances. The City is continuing to work within relevant industrial requirements (regarding consultation and genuine agreement) to achieve a reduction in leave balances while still meeting the needs of the organisation.