



Our Ref: 8657

7th Floor, Albert Facey House
469 Wellington Street, Perth

Ms Karen Callaghan
Chief Executive Officer
Shire of Broomehill-Tambellup
46 - 48 Norrish Street
TAMBELLUP WA 6320

Mail to: Perth BC
PO Box 8489
PERTH WA 6849

Tel: 08 6557 7500
Email: info@audit.wa.gov.au

Email: ceo@shirebt.wa.gov.au

Dear Ms Callaghan

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024

The Office has completed the audit of the annual financial report for your Shire. In accordance with section 7.12AD (2) of the *Local Government Act 1995*, we enclose the Auditor General's auditor's report, together with the audited annual financial report.

We have also forwarded the reports to the President and the Minister for Local Government, as required by the Act. You are required to publish the annual report, including the auditor's report and the audited financial report, on your Shire's official website within 14 days after the annual report has been accepted by your Council.

Management control issues

While the result of the audit was generally satisfactory, I would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the audit. These matters have been discussed with management and their comments have been included in the attachment.

Please note that the purpose of our audit was to express an opinion on the financial report. The audit included consideration of internal control relevant to the preparation of the financial report in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

An audit is not designed to identify all internal control deficiencies that may require management attention. The matters being reported are limited to those deficiencies that have been identified during the audit that are of sufficient importance to warrant being reported. It is possible that other irregularities and deficiencies may have occurred and not been identified as a result of our audit.

The date the financial statements submitted by your entity and considered to be of audit ready quality is 10 September 2024. This date will be reported in our local government sector audit results report to be tabled in Parliament. I am providing this date for completeness of our Office's procedural fairness process.

If you have any queries in relation to this date, please contact me on 6557 7705 within 14 days of the date of this letter. If we do not hear from you, we will take this as confirmation of the date.

This letter has been provided for the purposes of the Shire and the Minister for Local Government and may not be suitable for other purposes.

I would like to take this opportunity to thank you, the management and the staff of the Shire for their cooperation with the audit team during our audit.

Yours sincerely

Fatima Padia
Assistant Director
Financial Audit
12 December 2024

Attach

SHIRE OF BROOMEHILL TAMBELLUP
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024
FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Procurement and Purchases	None		✓		
2. Related Parties Declaration form	None		✓		

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.

SHIRE OF BROOMEHILL TAMBELLUP
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024
FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Procurement and Purchases

Finding

The Shire's Purchasing Policy requires them to obtain at least three (3) written quotations from a suitable supplier for purchases between \$20,001 and \$50,000 and obtain at least three (3) written quotations containing price and specification of goods and service for purchases between \$50,001 and \$250,000.

We noted 3 instances (out of 7 samples tested during the final audit) where the number of quotes obtained were not in line with the Purchasing Policy.

We also noted 1 instance where the purchase order was raised after the invoice was received.

Rating: Moderate

Implication

There is an increased risk that the Shire may not be receiving the best value for money for intended goods purchased or services.

Purchases made without appropriate and timely purchase orders increase the risk of unauthorised expenditure occurring and going undetected.

Recommendation

To help ensure all purchases are properly sourced and represents the best value for money, quotations should be obtained and attached to the purchase order as per the Shire's Purchasing Policy. Where quotations have not been obtained as required by the Shire's Purchasing Policy the reasons should be documented on/with the purchase order.

All authorised officers should be reminded of the need to ensure purchase orders are raised and authorised prior to authorising works/services or ordering goods. This will help to ensure goods/services have been appropriately ordered and authorised and help Shire in managing its budget responsibility.

Management comment

In some instances, Contractor availability and their desire to submit quotes for goods and services prevents Staff from obtaining the necessary number of quotes required in accordance with the Purchasing Policy. Staff will be reminded of the requirements of the Purchasing Policy, and the need to document instances where compliance with Policy cannot be achieved by using internal procurement forms.

Staff will also be reminded that purchase orders are required to be raised at the time of arranging purchase of goods and services.

Responsible person: Manager of Finance and Administration
Completion date: December 2024 and continual discussions with all staff

SHIRE OF BROOMEHILL TAMBELLUP
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024
FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Related Parties Declaration form

Finding

We noted that the Shire has not obtained Related Party Declaration forms from Key Management Personnel and Councillors for the financial year ended 30 June 2024 as required by the Shire's *Related Party Disclosures Policy*.

Related Party Declaration forms are key documents in the Shire's process of identification of related party transactions to comply with AASB 124 *Related Parties*.

Without the signed declarations, management had to rely on prior year declarations and other enquiries to ensure that related party transactions disclosed in the financial report are complete and accurate.

Rating: Moderate

Implication

Management has not complied with the Shire's policy which increases the risk of related party transactions not being identified and disclosed as required.

Recommendation

We recommend that management ensure that Related Parties Declaration forms are completed by Key Management Personnel and Council Members annually as required by the Shire's *Related Party Disclosures Policy*.

Management comment

Completion of the Declarations was overlooked in June 2024. This matter has been included in the recent review of the Compliance Calendar, with a reminder for May each year and Declarations for Key Management Personnel and Councillors to be completed in June.

Responsible person: Manager of Finance and Administration
Completion date: June 2025 (when returns are next due for completion)