



Our Ref: 8657

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Ms Karen Callaghan  
Chief Executive Officer  
Shire of Broomehill-Tambellup  
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Dear Ms Callaghan

## **ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2025**

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.

### **Unresolved matters from prior audits**

We also draw your attention to the Matters Outstanding from Prior Audits issues set out in the attachment. We would appreciate your attention to these matters before next year's audit.

The date the financial statements submitted by your entity and considered to be of audit ready quality is 22 September 2025. 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  
5 November 2025

Attach

## SHIRE OF BROOMEHILL TAMBELLUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Related Parties Declaration Form	None		✓		✓
2. Land held for resale	None		✓		
3. Excessive annual leave balances	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 2025****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. 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 2025 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.

This finding was first reported in 2024.

**Rating:** Moderate (2024: 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 Disclosure Policy.

**Management comment**

*Management are in the process of developing a new compliance calendar to be used as a tool to ensure that regulatory and operational requirements are met. The calendar is based on the Western Australian Local Government Association model, with additional tasks relating to financial management, including the requirement for Key Management Personnel and Councillors to complete annual Related Party Declaration forms each financial year.*

*It is expected that the calendar will be finalised by the end of November 2025 and that the Chief Executive Officer's Office will review and update the calendar on a monthly basis.*

**Responsible person:** Karen Callaghan  
**Completion date:** 30 November 2025

**SHIRE OF BROOMEHILL TAMBELLUP****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****2. Land held for resale****Finding**

During our review of the financial statements, we noted that no management assessment or external valuation was performed on land held for resale for the year ended 30 June 2025.

**Rating:** Moderate

**Implication**

Without regular valuation or management assessment, the carrying amount of land held for resale may be misstated in the financial statements. This could lead to non-compliance with Australian Accounting Standards (AASB 102 Inventories and AASB 13 Fair Value Measurement) and reduce the reliability and transparency of financial reporting.

**Recommendation**

It is recommended that management implement a formal process to review the fair value of land held for resale on an annual basis. In years where an external valuation is not obtained, a management assessment should be conducted to ensure that the carrying amount remains appropriate and reflects current market conditions. This process should be documented and supported by relevant market data or comparable sales evidence to ensure compliance with accounting and audit requirements.

**Management comment**

*Management are in the process of developing a new compliance calendar to be used as a tool to ensure that regulatory and operational requirements are met. The calendar is based on the Western Australian Local Government Association model, with additional tasks relating to financial management, including a requirement to review the fair value of land held for resale on an annual basis.*

*It is expected that the calendar will be finalised by the end of November 2025 and that the Chief Executive Officer's Office will review and update the calendar on a monthly basis.*

**Responsible person:** Karen Callaghan  
**Completion date:** 30 November 2025

**SHIRE OF BROOMEHILL TAMBELLUP****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****3. Excessive annual leave balances****Finding**

We noted that six employees have accrued annual leave balances in excess of 304 hours (two years of annual leave entitlement) as at 30 June 2025.

**Rating:** Minor

**Implication**

Excessive leave accruals increase the Shire's financial liability and may materially affect employee provisions disclosed in the annual financial report. Excessive leave accruals can also lead to workforce fatigue, reduced productivity of employees.

**Recommendation**

It is recommended that the Shire develop and enforce a structured leave management approach to progressively reduce excessive leave balances. Employees with accruals above the Shire's threshold (e.g. eight weeks or 304 hours) should agree with their line managers on a formal leave reduction plan specifying when the leave will be taken. The internal human resources policy should clearly define the excess leave threshold and the required management actions, and regular monitoring and reporting of high balances should be implemented to senior management and the audit committee. Management should also communicate to staff the importance of taking regular leave for wellbeing, compliance, and to ensure ongoing operational effectiveness.

**Management comment**

*The Chief Executive Officer will develop an Employee Leave Policy for consideration at the December Ordinary Meeting of Council with the aim of reducing the number of staff with excessive leave over the next 18 months.*

**Responsible person:** Karen Callaghan  
**Completion date:** 31 December 2025