**ATTACHMENT**

**SHIRE OF BROOMEHILL TAMBELLUP**

**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026**

**FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

| Index of findings | Potential impact on audit opinion | Rating | Year first raised |
|---|---|---|---|
| 1. Procurement and Purchases | No | **Significant** | 2024 |
| 2. Supplier Masterfile Changes | No | **Moderate** | 2026 |
| 3. Excessive Super Users | No | **Moderate** | 2026 |

**Ratings**

The ratings in this management letter reflect our assessment of risks based on the likelihood and potential impact if no action is taken. These outcomes consider both quantitative impact (such as financial loss) and qualitative impact (such as inefficiency, non-compliance, poor service to the public or loss of public confidence).

● **Significant** – 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. Procurement and Purchases

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 5 instances (out of 20 samples) where the number of quotes obtained were not in line with the Purchasing Policy.

We also noted 2 instances where the purchase order was raised after the invoice was received.

This finding was initially raised in 2024, and since then, management has consistently reminded all staff of the requirement to adhere to the established policy. Management has also committed to continuing these reminders and reinforcing the importance of compliance through ongoing discussions.

**Rating: Significant (2025: 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

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.

### Management comment

*Non-compliance is noted and accepted. Following recent staff changes, several improvements have been implemented.*

*An electronic purchase order (PO) system has been introduced, incorporating key policy requirements, including quotation thresholds. Staff are required to complete the PO and attach all required quotes and supporting documentation in a single record.*

*Where a PO is raised after an invoice, staff must complete a Creditor File Note form outlining the reason, ensuring these instances are documented and reviewed.*

*All POs will be reviewed by the DCEO prior to payment to ensure compliance.*

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*Monthly reporting is also being implemented to monitor expenditure and procurement activity, improving oversight and identifying any issues early.*

*Targeted staff training is being rolled out to reinforce understanding of the Purchasing Policy and individual responsibilities.*

*Management will continue to monitor and reinforce compliance through ongoing oversight.*

**Responsible person:** Deputy Chief Executive Officer
**Completion date:** 30 June 2026

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**SHIRE OF BROOMEHILL TAMBELLUP**

**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026**

**FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

## 2. Supplier Masterfile Changes

We noted one instance (out of 10 samples) where there was no evidence of an independent review of the logs for changes in the supplier masterfile in the system, via the Audit Trail Report. We also noted another instance where this independent review was not performed in adding a new supplier to the supplier masterfile.

We however acknowledge that there are adequate controls in place to verify suppliers' information before payments are processed.

**Rating:** **Moderate**

**Implication**

Without this review there is a risk that unauthorised changes could be made to supplier information and the errors or omissions are not identified before processing payments.

**Recommendation**

We recommend staff be reminded of the importance of performing an independent review of additions and changes to the supplier masterfile on a regular basis.

**Management comment**

*Non-compliance is noted and accepted.*

*To address this, an end-of-month process is being implemented which includes the generation and review of a detailed Audit Trail Report capturing all changes to the supplier masterfile. This report will be independently reviewed and formally signed off by two staff members to ensure appropriate oversight and segregation of duties.*

*In addition, an annual review of the creditor masterfile will be conducted to confirm the accuracy and currency of supplier information, identify any unauthorised changes to vendor details, and remove inactive creditors.*

*All changes to the supplier masterfile will be required to be supported by written documentation and authorised by appropriate personnel, ensuring a clear audit trail and accountability.*

**Responsible person:** Deputy Chief Executive Officer
**Completion date:** 1 July 2026

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**SHIRE OF BROOMEHILL TAMBELLUP**

**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026**

**FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

## 1. Excessive Super Users

We noted that there are five users that have super-user access, which is considered excessive.

**Rating: Moderate**

**Implication**

Excessive super-user access increases the risk of inappropriate segregation of duties and unauthorised changes which could result in errors or the perpetration of fraud. This risk is increased where regular review of the appropriateness and validity of user access and privileges is not performed.

**Recommendation**

We recommend that management implement regular review of super-user access and access be limited to only minimal staff that require this access consistent with their roles and responsibilities. Where this access is no longer required, this access should be immediately removed or updated.

**Management comment**

*Non-compliance is noted and accepted. Management acknowledges the risks associated with excessive super-user access and the importance of maintaining appropriate segregation of duties.*

*During the period, remote contractors were engaged to undertake specific work activities, which required temporary super-user access to the system.*

*To strengthen controls, an end-of-month review process has been implemented to assess all user access, including super-user privileges. Any access that is no longer required will be removed to ensure permissions remain appropriate.*

*In addition, an annual review of user access will be conducted to confirm that all staff have the minimum level of access necessary to perform their roles.*

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|---|---|
| **Responsible person:** | Deputy Chief Executive Officer |
| **Completion date:** | 1 July 2026 |