Report to the Minister for Local Government

Significant Matter Identified in the Interim Audit for the Year Ending 30 June 2026

Prepared under Section 7.12A(4) of the *Local Government Act 1995*

Local Government	Shire of Broomehill-Tambellup
Financial Year	2025/2026
Auditor	Armada Audit Services, on behalf of the Office of the Auditor General
Interim Audit conducted	12 to 15 May 2026
Audit report received	22 June 2026
Report due to Minister	By 22 September 2026 (within 3 months of receipt)
Authorising resolution	Ordinary Council Meeting [insert date], Resolution No. [insert]

1. Statutory requirement

Section 7.12A(4) of the *Local Government Act 1995* requires that a local government must:

"(a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and

(b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government."

This report is prepared to satisfy that requirement. It addresses the matter identified as significant by the auditor in the Interim Audit for the year ending 30 June 2026 and sets out the action the Shire has taken and intends to take in respect of that matter.

2. Background

Armada Audit Services, contracted on behalf of the Office of the Auditor General, conducted the Interim Audit of the Shire of Broomehill-Tambellup from 12 to 15 May 2026 for the year ending 30 June 2026. Three matters were raised in the resulting Interim Audit Management Letter, of which one, Procurement and Purchases, was rated by the auditor as significant. The Independent Interim Auditor's Report was received by the Shire on 22 June 2026.

3. Significant matter – Procurement and Purchases

Auditor rating: Significant (2025: Moderate). Year first raised: 2024.

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

The auditor noted 5 instances (out of 20 samples) where the number of quotes obtained was not in line with the Purchasing Policy, and 2 instances where the purchase order was raised after the invoice was received. The finding was initially raised in 2024.

Implication identified by the auditor

There is an increased risk that the Shire may not be receiving the best value for money for goods and services purchased. Purchases made without appropriate and timely purchase orders increase the risk of unauthorised expenditure occurring and going undetected.

4. Action taken and intended by the Shire

Non-compliance is noted and accepted. Following recent staff changes, the Shire has implemented, and continues to implement, the following measures:

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 purchase orders are reviewed by the Deputy Chief Executive Officer prior to payment to ensure compliance. Monthly reporting has been 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.

The Shire will continue to monitor and reinforce compliance through ongoing oversight.

Responsible person: Deputy Chief Executive Officer

Completion date: 30 June 2026

5. Publication

In accordance with Section 7.12A(5) of the *Local Government Act 1995*, a copy of this report will be published on the Shire's official website within 14 days of it being given to the Minister for Local Government.

Signed for and on behalf of the Shire of Broomehill-Tambellup

Karen Callaghan
CHIEF EXECUTIVE OFFICER
Date: [insert]