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Serving the Public Interest

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

Email: ceo@shirebt.wa.gov.au

Dear Ms Callaghan

ANNUAL FINANCIAL REPORT
INTERIM AUDIT RESULTS FOR THE YEAR ENDED 30 JUNE 2025

We have completed the interim audit for the year ended 30 June 2025. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to primarily evaluate your financial control environment, and to obtain an understanding of the key business processes, risks and internal controls relevant to our audit of the annual financial report

Management control issues
We would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the course of the interim audit. These matters have been discussed with management and their comments have been included on the attachment. The matters reported are limited to those deficiencies that were identified during the interim audit that we have concluded are of sufficient importance to merit being reported to management.

This letter has been provided for the purposes of your local government and may not be suitable for other purposes.

We have forwarded a copy of this letter to the President. A copy will also be forwarded to the Minister for Local Government when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Feel free to contact me on 6557 7705 if you would like to discuss these matters further.

Yours sincerely

Fatima Padia
Assistant Director
Financial Audit
4 July 2025

Attach

SHIRE OF BROOMEHILL TAMBELLUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	**Moderate**	**Minor**	
1. Procurement and purchases	None		✓		✓
2. Information, Technology and Communication (ITC) plans and policies	None		✓		✓
3. Policies and procedures	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 INTERIM 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 five instances (out of 26 samples) where the number of quotes obtained were not in line with the Purchasing Policy.

We also noted one instance 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: Moderate (2024: 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
Discussions are continually had with staff over the need to obtain the required number of quotations in accordance with the Purchasing Policy. While all endeavours are made, in the current climate there is sometimes resistance from contractors to provide quotes without guarantee of securing the work they are quoting on, and it is difficult to source the required number of quotes. Internal processes will be strengthened to document these instances and provide rationale when sufficient quotes cannot be obtained. Procurement forms have been developed for this purpose and staff will be reminded of the need to complete these.

All staff have been, and will continue to be, reminded of the need to issue purchase orders at the time of ordering goods and services.

Responsible person:	Manager of Finance and Administration
Completion date:	3 July 2025 and ongoing

SHIRE OF BROOMEHILL TAMBELLUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

2. Information, Technology and Communication (ITC) Plans and Policies

Finding
The Shire has not implemented a comprehensive framework of ITC- related policies, nor does it have a comprehensive IT strategic plan and IT disaster recovery plan in place.

This finding was initially raised in 2024, and management has since engaged an external consultant to address the matter during the 2025/26 financial year.

Rating: Moderate (2024: Moderate)

Implication
The Shire's lack of established ITC policies and procedures creates inconsistency and security vulnerabilities. Without an IT strategic plan, resource allocation becomes ad-hoc, hindering efficiency and goal achievement.

Recommendation
To enhance ITC governance, the Shire should develop and implement comprehensive ITC policies covering data security, access control, password management, backup plans, incident response, and system maintenance. Simultaneously, creating an IT strategic plan aligned with business objectives will optimize resource allocation and long-term goal achievement. Implementing an asset classification framework, based on sensitivity and criticality assessments, will ensure effective security resource allocation, including access controls and monitoring protocols, all subject to regular updates to adapt to evolving needs and risks. This proactive approach will mitigate security risks efficiently.

Management comment
Development of an ICT framework and strategy was identified as a priority in the Shire's Corporate Business Plan and Risk Management processes and was also raised in the 2023/24 audit. An external consultant has recently been engaged to assist with development of the ICT Framework and Strategy, which includes development of ICT policies, and this will be completed during the 2025/26 financial year.

Responsible person:	Manager of Finance and Administration
Completion date:	30 June 2026

SHIRE OF BROOMEHILL TAMBELLUP

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

3. Policies and procedures

Finding
As per the Financial Management Review performed in November 2024, we noted the following policies and procedures are not being tested to ensure its validity:

- Business Continuity Plan.
- Record Keeping Disaster Management Plan.

We also noted the following policies and procedures are largely undocumented or are outdated:

- Risk Management Procedures.
- Risk Register

Rating: Moderate

Implication
The absence of documented, regularly reviewed, and updated policies and procedures can lead to a higher likelihood of inconsistent decision-making, non-compliance with legislative requirements, and inefficiencies in day-to-day operations. It also increases the risk of fraud, mismanagement of resources, and a lack of accountability, particularly in areas where roles and responsibilities are not clearly defined. Furthermore, outdated or undocumented procedures may hinder the continuity of operations during staff changes and create difficulties during audits or external reviews.

Recommendation
It is recommended that the Shire formally document all key policies and procedures and establish a schedule to review and update them on a regular basis—ideally every two to three years or upon changes in legislation or operational needs. Policies should be approved by the appropriate authority, clearly version-controlled, and communicated effectively to all relevant staff. This will help ensure compliance with statutory obligations, promote transparency and accountability, and support consistent and efficient operations across the organisation.

Management comment
The Shire's Risk Management procedures and register require review and update, which is planned to be undertaken in the first half of the 2025/26 year.

With external assistance, scenarios to test both the Business Continuity Plan and Record Keeping Disaster Management Plan will be scheduled during the 2025/26 year.

Responsible person:	Manager of Finance and Administration
Completion date:	30 June 2026