



ARMADA
AUDIT & ASSURANCE

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strength in numbers

25 November 2025

Councillors
Shire of Moora
Via Email

Dear Councillors,

30 June 2025 Audit

We are pleased to present you with our report on the audit of Shire of Moora ('the Shire') for the year ended 30 June 2025. We are responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to the responsibilities in overseeing the financial reporting process. This report includes an analysis of the audit outcomes, key audit risk areas, our conclusion, and other recommendations for your attention. We welcome any comments you may have or any additional areas in which you seek comfort or assurance from the audit process.

Yours Sincerely,

MARCIA JOHNSON CA
Director
Armada Audit & Assurance Pty Ltd

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SHIRE OF MOORA

Audit Completion

Summary

30 June 2025

Audit Risk Rating

Significant

A judgmental assessment of inherent risk as significant relates to those risks which require special audit consideration (in terms of the nature, timing or extent of testing) because of the nature of the risk, the likely magnitude of the potential misstatements (including the possibility that the risk may give rise to multiple misstatements) and the likelihood of the risk occurring.

High

A judgmental assessment of inherent risk as high relates to a risk that requires additional audit consideration beyond what would be required for a normal risk, but which does not rise to the level of a significant risk.

Normal

A judgmental assessment of inherent risk as normal is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring. We do not, as a matter of course, discuss normal risks with those charged with governance unless we seek their confirmation on the judgment that has been applied.

N	Any expected modifications to the audit report
	Reference: No modifications are expected to our audit report. Refer to section 1 of our report
Y	Were significant audit adjustments required
	Yes – refer to section 2 of our report
N	Are unadjusted differences considered immaterial
	No - refer to section 2.
Y	Account balances and transactions audited in accordance with our strategy
	Yes – Refer to section 4 of our report
N	Audit risks and exposures appropriately addressed
	Yes – Refer to section 4 of our report
N	Any significant audit risks requiring comment from Council and management
	Reference: None noted
N	Any instances of fraud or error relating to operation noted
	Reference: None noted refer to section 7 of our report
Y	Any significant or moderate priority internal control deficiencies identified
	Reference: Refer to section 6 of our report.
N	Any material uncertainties, conditions or events identified affecting going concern noted
	Reference: None noted refer to section 7 of our report.
N	Any instance of non-compliance with laws and regulations
	Reference: None noted refer to section 7 of our report
Y	Outstanding Matters at the date of this report
	Reference – Refer to section 1 of this report
N	Sufficient level of preparedness for audit
	Shire management provided the financial statements for audit on 29 September 2025. This was certified by the Chief Executive Officer – Gavin Robins. The financial statements were of good quality, with only 3 versions required to finalise.
Y	All information required supplied in a timely manner
	This was the case, however some information relating to Investment Properties was only provided late in the process.

1. CONCLUSION

We have substantially completed our audit for the year ended 30 June 2025 financial statements of the Shire of Moora.

At the conclusion of the audit, we intend to recommend to the Office of the Auditor General to issue an unmodified opinion.

Outstanding matters at the date of this report include:

- Receipt of signed management representation letter and
- Signed financial statements

2. ADJUSTMENTS

Adjusted misstatements

Account	Original balance	Actual balance	Variance	Adjusted (Y/N)
Other liabilities- Contract liability	1,647,282	520,148	1,127,134	Y
Trade and other receivables (Current)	520,148	881,251	112,713	Y
Trade and other receivables (Current)	1,619,272	379,425	(1,239,847)	Y
Adjustment to reverse revenue recognised in advance and the related contract liability for WSFN along with GST				

3. MATERIALITY

Misstatements, including omissions, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users of the financial report. The determination of materiality is a matter of professional judgement and is affected by our perception of the financial information needs of users of the financial report. Having considered the nature of the entity, the industry and economic environment in which the entity operates and the relative volatility of alternative benchmarks, we have determined overall planning materiality based on the Shire's total expenditure for the year.

The overall materiality was not required to be reassessed during the audit. Management will represent to us in writing that all uncorrected misstatements that they are aware of have been brought to our attention.

4. AUDIT RISK AREA

The area below are audit risk areas that we identified based on our understanding of your business, discussions with management as well as any additional risks that arose during the audit. This is not a complete list of all audit risks considered or all audit procedures performed.

Risk rating	Details of Risk / Issue	Audit Approach	Result
	Audit findings reported in the previous audit consisted of a number of significant, moderate and minor rated issues relating to financial control and information system weakness.	We followed up on the issues reported to determine whether the matters have been resolved and if not, the matters will be re-reported.	Prior year issues were resolved except for the following: <ul style="list-style-type: none"> • Supplier Masterfile Changes • Outdated Delegation Register • Excess annual leave
	Information Technology Risk	We assessed whether the Shire has adequate IT controls in place to ensure that the integrity of data is protected and that access to financial areas are restricted to ensure adequate segregation of duties and follow up on control weaknesses previously reported.	Based on our review the Shire has adequate IT controls in place to ensure that the integrity of data is protected and that access to financial areas are restricted to ensure adequate segregation of duties. The Shire has implemented improvements to information systems controls identified in the prior year.
	We have identified the following areas that we consider require additional focus: <ul style="list-style-type: none"> + Related party disclosures + Revenue recognition including contract liabilities + Unauthorised expenditure + Unrecorded liabilities and expenses + Contingent assets and liabilities + Joint arrangements 	We have reviewed the accounting treatment and disclosure processes during our audit. We have checked the disclosures in the annual financial report and can confirm that they are appropriate and complies with the requirements of the applicable Australian Accounting Standards.	We have performed our audit procedures on the relevant risk areas identified and concur with management's assessment of the accounting standards and the related disclosures in the financial statements.

Risk rating	Details of Risk / Issue	Audit Approach	Result
	<p>The following annual financial report items are derived from accounting estimates and hence will receive specific audit attention:</p> <ul style="list-style-type: none"> + Provision for annual and long service leave + Useful lives of assets + Impairment of assets 	<p>We reviewed the method and underlying data that management and where applicable third parties use when determining critical accounting estimates. Including the reasonableness of assumptions and corroborating representations.</p>	<p>We have performed our audit procedures on the relevant risk areas identified and concur with management's assessment of the accounting standards and the related disclosures in the financial statements. We are satisfied that the data, methods and assumptions used are reasonable.</p>

5. QUALITATIVE ASPECTS OF ACCOUNTING PRACTISES

Financial Report Disclosures

The disclosures in the financial report are neutral, consistent, and clear. Certain financial report disclosures are particularly sensitive because of their significance to financial report users. The most sensitive disclosures affecting the financial statements were:

- Provision for long service leave
- Valuation of Non-Current Assets
- Useful lives of non-current assets
- Contingent Assets and liabilities
- Capital commitments

These disclosures are in accordance with the relevant Australian Accounting Standards.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Provision for long service leave
- Valuation of Non-Current Assets
- Useful lives of non-current assets

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

6. ASSESSMENT OF INTERNAL CONTROLS

Deficiencies in internal control

We are required to report to you any material weaknesses in the accounting and internal control systems identified during the audit.

All issues identified during the course of our fieldwork are categorised as per below:

Level 1	Significant Deficiencies	Those matters which pose significant business or financial risk, including financial reporting risk, to the client and should be addressed as a matter of urgency.
Level 2	Moderate Deficiencies	Those matters which pose moderate business or financial risk, including financial reporting risk. This assessment is derived from considering the likelihood and consequence of the underlying risk.
Level 3	Minor Deficiencies.	Those matters which are procedural in nature or minor administrative failings. These could include minor accounting issues or relatively isolated control breakdowns which need to be brought to the attention of management.

During our audit for the year ended 30 June 2025, we evaluated the effectiveness of controls on three levels – design, implementation and operating effectiveness. As part of this evaluation, we gained a detailed understanding of the policies and procedures over the following business cycles:

- Purchases & payments
- Payroll and Employee Benefits
- Bank and cash
- Revenue (Design and Implementation Only)

We are pleased to inform management and those charged with governance that, based on our observations and testing, only one significant control deficiency was identified during the interim audit period. All other issues identified were categorised as moderate, as detailed below. As a result, we were able to place reliance on certain key controls for our audit. Whilst we consider the effectiveness of management's internal controls relevant to the Shire's preparation and fair presentation of the financial report when determining the nature timing and extent of our audit our audit procedures are not designed to provide an opinion or any assurance on the effectiveness of the Shire's internal control.

MANAGEMENT LETTER POINTS – REFER TO MANAGEMENT LETTER ATTACHMENT

	FINDING	RATING
INTERIM AUDIT ISSUES		
1	Audit Regulation 17 Review Not Performed	Significant
2	Payroll – Incorrect Hourly Rate Paid	Moderate
3	Fee and Charges	Moderate
4	Supplier Masterfile Changes	Moderate
5	Outdated Registers, Plans and Policies	Moderate
6	No Evidence of Journal Review	Moderate
7	Excessive Annual Leave	Moderate
FINAL AUDIT ISSUES		
8	Asset disposal- Non-compliance with shire policies	Moderate

7. OTHER REPORTING REQUIREMENTS

AREA	RESPONSE
Fraud	<p>Our audit procedures include discussion with management and those charged with governance as to the existence of any known or suspected material fraud. There was no known or suspected material fraud from these discussions. Those charged with governance may contact the OAG Representative, Liang Wong on (08) 6557 7542 if they are aware of any known or suspected fraud.</p> <p>We are not aware of any known or suspected material fraud, nor has it been brought to our attention by management. We obtained in writing, representations regarding the existence of fraud, policies and procedures in place to prevent and detect fraud, noting no instances of fraud of which management are aware.</p>
Errors, irregularities and illegal acts	<p>We have noted no errors or irregularities that would cause the financial report to contain a material misstatement. As part of our normal statutory audit no apparent illegal acts have come to our attention.</p>
Compliance with laws & regulations	<p>We are not aware of any known or suspected non-compliance with laws or regulations applicable to the Shire that may be material to the financial report. We will also receive representations from management confirming that the Shire is in compliance with all laws and regulations that impact the organisation.</p>
Appropriateness of accounting policies	<p>We considered management's assessment of the effects of any accounting policy changes on the Shire's financial statements for the current financial year as well as their assessment of any potential effects arising from those standards applicable for the first time in subsequent financial periods.</p> <p>We consider that the accounting policies adopted in the financial statements are appropriately applied and disclosed. We noted no transactions entered into by the Shire during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognised in the financial statements in a different period than when the transaction occurred.</p>
Management consultation with other independent accountants or experts	<p>If management consulted with other accountants about auditing and accounting matters, we are to inform Council of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.</p> <p>To our knowledge, management has consulted with an external accounting firm in relation to the preparation of the financial statements and utilised property expert valuers to support the fair value of assets acquired. This is line with normal practices and therefore we have no significant matters to report as a result of such consultation.</p>
Management representations	<p>We have requested certain representations from management that are included in the draft management representation letter.</p>

Independence		We confirm that, as at the date of this report, the Firm and the members of the Audit Team continue to meet the independence requirements of Australian Auditing Standards and the ethical requirements of the <i>Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)</i> (the Code).
Difficulties encountered in performing the audit		The audit was performed as planned.
Going Concern		<p>Events or conditions identified that may cast significant doubt on the Shire's ability to continue as a going concern include:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty; • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and • The adequacy of related disclosures in the financial statements. <p>Auditor Response: No material uncertainties noted regarding going concern.</p>
Related Parties		<p>Significant matters arising during the audit in connection with the Shire's related parties include, where applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management; • Inappropriate authorisation and approval of transactions; • Disagreement over disclosures; or • Non-compliance with laws and regulations. <p>Auditor Response: We are not aware of any related party transactions that are not adequately accounted for by management.</p>
Certification Status		The Shire has directly engaged ARMADA to conduct audit for these acquittals which have been duly completed.