

SHIRE OF MOORA

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. Asset disposal- Non-compliance with shire policies	No		✓		

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 MOORA**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2025****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. Disposal of assets-Non-compliance with Shire policies****Finding**

During the year, the Shire traded in two vehicles for \$100,000 and \$60,000 with a WALGA-approved supplier. However, under Local Government (Functions and General) Regulations 1996, clause 30(3)(b), the exemption from section 3.58 of the Local Government Act 1995 applies only if the total consideration does not exceed \$75,000 and is fully applied towards the purchase of another asset.

In the above instance, the purchase value of the new asset was above \$75,000; therefore, the Shire should have followed section 3.58 requirements to dispose these assets through public tender, public auction, or public notice.

Rating: Moderate**Implication**

Non-compliance with the governing legislations reduces transparency and accountability in asset management. Additionally, the Shire may not have achieved value for money by not subjecting the assets to a public tender or auction process.

Recommendation

Management should ensure that all asset disposals are reviewed against the Local Government Act 1995 and associated regulations to confirm whether exemption conditions under clause 30(3)(b) are met. Where the total consideration exceeds \$75,000, the disposal should be conducted through a public tender, public auction, or by giving public notice as required by section 3.58.

Management comment

The Shire has reviewed the previous approach to asset disposals and has updated internal procedures to ensure full compliance with section 3.58 of the Local Government Act 1995 and Regulation 30(3)(b) of the Local Government (Functions and General) Regulations 1996. Specifically, the Shire has implemented a formal review step to confirm whether each proposed disposal meets the exemption criteria under Regulation 30(3)(b), including the requirement that the total consideration does not exceed \$75,000.

Where a disposal falls outside the exemption, such as when the total consideration exceeds the prescribed threshold, the Shire will now ensure that the appropriate statutory process is followed. This includes conducting a public tender, public auction, or issuing a public notice in accordance with section 3.58.

It is noted that this process will likely elongate the disposal of assets and potentially close out the opportunity to dispose of a unique or low demand asset by trade-in at the time of replacement when the Shire's purchasing and disposal leverage is greatest.

Responsible person: Chief Executive Officer**Completion date: 24 November 2025**