

10 April 2025

## REPORT

### Section 7.12A(4)(a) of the Local Government Act 1995

#### Shire of Moora

**Report addressing any matters identified as significant by the auditor in the 2023-2024 Audit Report.**

### Background and Purpose of Report

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

*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.*

*Within 14 days after a local government gives a report to the Minister under subsection 4(b), the CEO must publish a copy of the report on the local government's official website.*

The Shire's 2024 Audit Completion Report dated 18 December 2024 contains significant matters requiring the CEO to undertake the actions required by Section 7.12 of the Act.

The purpose of this report is to outline the actions the CEO has taken in relation to the significant matters raised in the 2024 Audit Completion Report.

### 2024 Significant Matters

The Shire's 2023-24 Audit Completion Report dated 18 December 2024 (attached at Appendix B) identified the following significant matters:

#### **Interim Audit Issues\*:**

- a) Rates Revenue*
- b) Acquisition of Tennis Club Assets*
- c) Revenue on capital project*
- d) Excessive Superuser Access*

*\*Appendix C*

#### **Final Audit Issues\*\*:**

- e) Rates Revenue (raised with interim audit)*
- f) Acquisition of assets for less than market value*

*\*\*Appendix D*

Each of these matters and the actions taken to address them are outlined below.

## **a & e) Rates Revenue**

### **Implication**

#### *Interim*

The rates raised for properties in the category of Unimproved Value – Rural was not raised in accordance with Local Government Act 1995 S6.32 as the Council approved rate in the dollar was not used.

#### *Final*

The Shire has determined that the rate adopted by Council for the category of Unimproved Value – Rural of 0.8096 cents in the dollar for the 2024 annual budget was incorrect and the rate of 0.6518 cents in the dollar issued in the rate assessment notices correctly reflected Council's intention of a 5% increase in the rate yield in comparison to the 2023 rates for Unimproved Value – Rural.

As a result, the amount shown in the 2024 annual budget being the amount estimated to be yielded by the general rate was less than 90% of the amount of the budget deficiency as required by the Local Government Act 1995 Section 6.34 *Limit on revenue or income from general rates* unless the Minister approves otherwise, and the Unimproved Value – Urban Farmland rates revenue category was overstated by \$9,526.

### **Actions Taken to Address Finding**

Legal advice was sought to ensure the correct steps are followed to rectify the rating within this category. The adjusted total rates value is approximately 81% of budget deficiency and the following steps are to be taken:

- Step 1: Seek Ministerial approval under Section 6.34
- Step 2: Amend council resolution 69/23
- Step 3: Amend the 2023/2024 rate record – pending
- Step 4: Issue new rate notice to affected property owners – pending

### **Completion or Proposed Completion Date**

- Step 1: A request was sent to the Minister on 25 March 2025. Approval is outstanding as at date of this report. Completion date is pending approval.
- Step 2: Amendment has been adopted by Council on 11 December 2024.
- Step 3: Pending step 1.
- Step 4: Pending step 1.

### **Recommendation**

Follow ups need to be scheduled with the Minister by the CEO, until an outcome is received.

Ensure that in future years, total rates values stay within the budget deficiency parameters of between 90% and 110%. Should any future changes or corrections, requiring Ministerial approval be required, it be processed prior to changes are captured to budget/rates notices.

***b) Acquisition of Tennis Club Assets***

**Implication**

The Shire has not recognised the fair value of assets acquired at the time of acquisition being 28 June 2023 resulting in the understatement of assets for the financial year ended 30 June 2023.

**Actions Taken to Address Finding**

Valuation reports received from qualified valuers and assets have been adjusted as a prior period adjustment in 2023.

**Completion or Proposed Completion Date**

Finding has been resolved as part of preparations for the 2024 financial report.

**Recommendation**

Staff resources have improved since the 2023 financial year, this coupled with external accountants appointed with monthly reconciliations increases the ability to correctly capture the additions.

There is an increased awareness of non-monetary asset transactions to assist with timeous capturing hereof.

Monthly minutes to be reviewed as additional measure to assist in identifying non-monetary transactions.

***c) Revenue on Capital Project***

**Implication**

Revenue and Contract Liability relating to this project were misstated for the current financial year.

**Actions Taken to Address Finding**

Applicable invoice raised for the project was credited, rectifying the misstated revenue and contract liability.

**Completion or Proposed Completion Date**

Finding has been resolved as part of preparations for the 2024 financial report.

**Recommendation**

Ensure that invoices are only raised for projects where cost have been agreed upon in writing, supported by an agreement with, or a purchase order is provided from the client.

**d) Excessive Superuser Access****Implication**

This wide distribution of superuser privileges increases the likelihood of sensitive information being accessed or manipulated by individuals who may not require such elevated permissions for their regular tasks.

When system access of terminated contractor/staff is not disabled upon termination, it increases the risk of sensitive information being accessed or manipulated inappropriately.

**Actions Taken to Address Finding**

The Shire has re-evaluated superuser privileges and updated the list of superusers to align with current user responsibilities. System access of previous contractors and former staff has been deactivated.

**Completion or Proposed Completion Date**

6 August 2024

**Recommendation**

The Shire needs to continuously monitor change on staff and contractors with access to Synergy and align this with user access changes.

**f) Acquisition of assets for less than market value****Implication**

The Shire has not recognised the fair value of assets acquired at the time of acquisition being March 2022 resulting in the understatement of assets in prior years and the restatement of comparative in the current year to correct the error as described in Note 29 to the financial statements.

**Actions Taken to Address Finding**

Steps have been taken to change the way the Department of Fire and Emergency Services conveys advice to the Shire as to asset movements through the formalisation of a single point of contact rather than the previous communication via a shared DFES officer operating from another Shire. The Shire has appointed an Emergency Services Manager who has responsibility for relationships with DFES and coordination of asset movements.

**Completion or Proposed Completion Date**

30 March 2025

**Recommendation**

Should the staff structure change with relation to a SES manager, alternative steps need to be implemented to ensure this communication line with DFES stays active to avoid reoccurrence of the finding.

# **Appendix B:**

# **2024 Audit Report**

## **Appendix C:**

# **Interim Management Letter Findings**

## **Appendix D:**

# **Final Management Letter Findings**