

SHIRE OF MOORA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Rates Revenue	No	✓			NA
2. Acquisition of assets for less than market value	Yes – emphasis of matter	✓			NA

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 2024****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. Rates Revenue****Finding**

As reported in our interim management letter, the rate assessment notices for properties in the category of Unimproved Value – Rural were issued at a rate in the dollar lower than the rate adopted by Council on 16 August 2023 per resolution 69/23(2).

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.

Rating: Significant**Implication**

The Shire has not complied with Local Government Act Section 6.34 *Limit on revenue or income from general rates*.

Recommendation

The Shire should rectify this non-compliance according to the legal advice received on the matter.

Management comment

The Shire Council has adopted the advice received from Civic Legal and subsequently wrote to the Minister for Local Government seeking consent to the Shire operating at an amount less than the minimum limit of 90% of revenue or income from general rates in respect of the 2024 annual budget.

Responsible person: Chief Executive Officer
Completion date: Subject to Ministerial approval.

SHIRE OF MOORA**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****2. Acquisition of assets for less than market value****Finding**

We noted that a replacement vehicle provided by the Department of Fire and Emergency Services in March 2022 as a capital contribution was not recorded in the asset register and accounting records of the Shire on the date of delivery.

Rating: Significant**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.

Recommendation

Management should implement financial controls to ensure that assets received as capital contributions for no consideration are recognised as assets at the fair value on acquisition date and capital contribution recognised as income.

Management comment

It is noted that this matter concerns an individual item, not multiple items, as implied by the plural description of "assets" above. There are likely to be a number of factors that have given rise to this outcome. Steps have been taken to change the manner in which 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.

Responsible person: Financial Services Manager

Completion date: 30 March 2025