



City of Cockburn  
Audit Risk and Compliance Committee  
**Minutes**

For Tuesday, 15 July 2025

These Minutes are confirmed

Presiding Member's signature

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, is positioned above a solid blue horizontal line.

Date: 25 November 2025

## Audit Risk and Compliance Committee Meeting, Tuesday, 15 July 2025

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## **Audit Risk and Compliance Committee Meeting Tuesday, 15 July 2025**

### **Minutes**

#### **Attendance**

##### **Elected Members**

Cr P Corke (Presiding Member)  
Mayor L Howlett  
Deputy Mayor C Stone  
Cr C Reeve-Fowkes  
Mr W Gately (Independent Member)  
Mr A Kandie (Independent Member)

##### **Observer**

Cr M Separovich

##### **Staff**

Mr D Simms	Chief Executive Officer
Mr D Arndt	Director Sustainable Development and Safety
Ms C Bywater	Director Corporate and System Services (Arrive 6:01pm)
Ms K Johnson	Director Community and Place
Mr A Lees	Director Infrastructure
Mr J Blanchard	General Counsel
Mr N Mauricio	Chief Financial Officer
Mr J Curulli	Chief Information Officer
Mr J Fiori	Risk and Governance Advisor
Ms T Hardmeier	Service Lead Governance and Council Support
Mrs L Spearing	Executive Support Officer

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## **1. Declaration of Meeting**

The Presiding Member declared the meeting open at 6:00pm.

“Kaya, Wanju Whadjuk Boodjar” which means “Hello, Welcome to Whadjuk Land”

The Presiding Member acknowledged the Whadjuk Peoples of the Nyungar Nation who are the traditional custodians of the land on which the meeting was being held and paid respect to the Elders both past and present and extended that respect to First Nations Peoples present.

**6:01pm      The Director Corporate and System Services entered the meeting.**

## **2. Appointment of Presiding Member (If required)**

Nil

## **3. Disclaimer**

The Presiding Member read the Disclaimer:

Members of the public, who attend Council Meetings, should not act immediately on anything they hear at the Meetings, without first seeking clarification of Council's position.

Persons are advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

## **4. Acknowledgement of Receipt of Written Declarations of Financial Interests and Conflict of Interest (by Presiding Member)**

Nil

## **5. Apologies & Leave of Absence**

### **Apology**

Cr Kevin Allen

**6. Public Question Time**

Nil

**7. Confirmation of Minutes**

**7.1 (2025/MINUTE NO 0018) Minutes of the Audit Risk and Compliance Meeting - 20/05/2025**

**Committee Recommendation**

MOVED Deputy Mayor C Stone SECONDED Cr C Reeve-Fowkes

That Committee confirms the Minutes of the Audit Risk and Compliance Meeting held on Tuesday, 20 May 2025 as a true and accurate record.

**CARRIED 6/0**

**8. Deputations**

Nil

**9. Business Left Over from Previous Meeting (if adjourned)**

Nil

**10. Declaration by Members who have Not Given Due Consideration to Matters Contained in the Business Paper Presented before the Meeting**

Nil

**En Bloc Resolution**

6:03pm The following items were carried by En Bloc resolution.

11.1.1
11.2.1
16.1

**11 Reports - CEO (and Delegates)****11.1 Corporate and System Services****11.1.1 (2025/MINUTE NO 0019) Financial Audit Results – Local Government 2023-24 (Office of the Auditor General)****Author(s)** Chief Financial Officer**Attachments** 1. Local Government 2023-24 – Financial Audit Results**Officer Recommendation/Committee Recommendation**

MOVED Cr C Reeve-Fowkes SECONDED Deputy Mayor C Stone

The Committee recommends Council RECEIVES the Office of the Auditor General's report on Financial Audit Results – Local Government 2023-24.

**CARRIED 6/0****Background**

Responsibility for conducting financial audits of all local government entities rests with the Office of the Auditor General (OAG). For the 2023-24 financial year, the City's audit was delivered by KPMG, engaged by the OAG to carry out the audit activities on its behalf.

The Auditor General's report titled *Local Government 2023-24 - Financial Audit Results*, (report) was tabled in Parliament on 24 April 2025. The OAG is legislatively required to report annually to Parliament on the outcomes of financial audits conducted across the local government sector. This includes audit opinions on individual council's annual financial statements and sector-wide observations, highlighting areas for improvement and ongoing concerns.

This report is brought to the Audit, Risk and Compliance Committee for review and to address the recommendations made by the OAG.

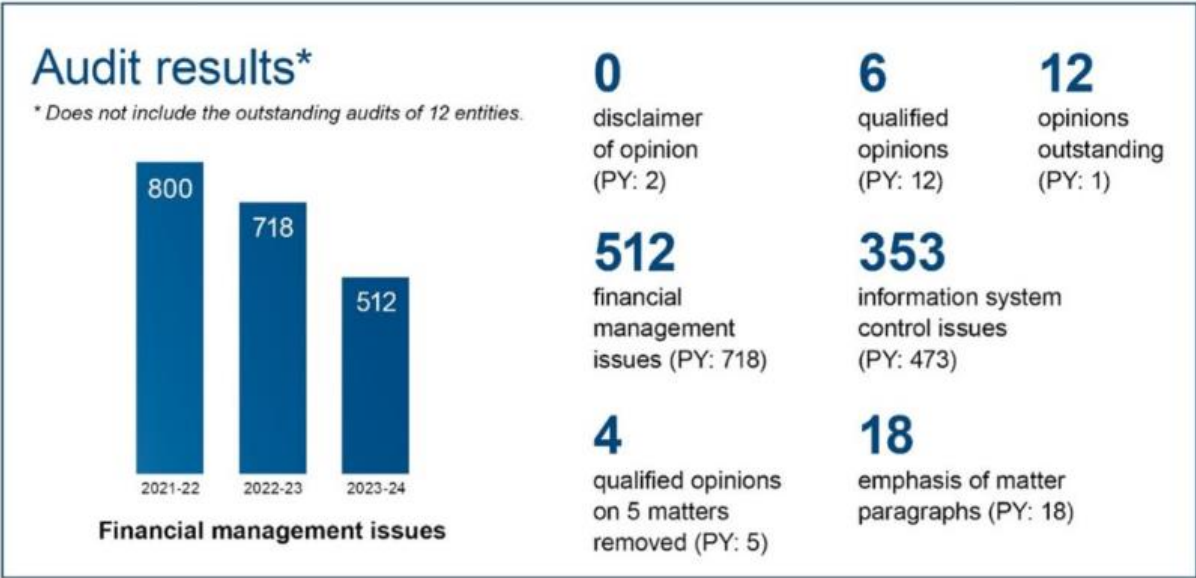
**Submission**

N/A

**Report**

The report summarises the results of financial audits for 135 of the 147 local government entities for the year ending 30 June 2024. This marks the third year the OAG has audited the entire local government sector, enabling a holistic view of its financial performance.

Notably, the number of qualified audit opinions decreased from 12 to six, and financial management findings declined by 29% compared to the previous year. The OAG commended the sector for this overall improvement.



Source: OAG

The Auditor General also reported progress in audit timeliness, with 91.8% of councils receiving their audit opinions by the 31 December 2024 deadline, an increase from 89% the previous year. However, delays were still experienced due to multiple versions of financial statements being submitted by some councils, which created a bottleneck in finalising audits in December.

From the City of Cockburn’s perspective, the audit was completed in accordance with the timeline agreed with the OAG. The City received its audit opinion for the 2023-24 financial year on 5 December 2024, following consideration by the Audit, Risk, and Compliance Committee on 3 December 2024.

For the 2023-24 financial year, the City of Cockburn was issued a **Clear** audit opinion by the OAG. Two financial management findings were noted in the City’s management letter, consistent with the previous year. Both findings were rated as minor and have already been addressed, as reported at the Audit, Risk, and Compliance Committee on 3 December.

Overall, the OAG report reflects a strong audit outcome for the City, highlighting the receipt of a clear audit opinion, adherence to reporting timelines, and the financial report being assessed as “audit ready”.

OAG Recommendations

The recommendations provided by the OAG in its report are summarised in the table below, along with the City’s corresponding responses.

Recommendation	City Comment

Entities should:	
a. submit good quality, reviewed and CEO-signed financial reports for audit no later than 30 September. Our expectation is that CEO certification means management is satisfied the financial report is a complete and accurate record of their entity's finances and all numbers and disclosures are supported by underlying work papers. Supporting work papers and reconciliations should be available by this date.	The City agrees with this recommendation and has shown steady improvement in the quality of its draft financial reports submitted for CEO sign off and audit by 30 September.
b. evaluate the significance of errors and decide if they need to be adjusted. Analyse the root cause for the errors	As per the same recommendation last year, the City agrees and its track record in dealing with previous errors and adjustments in consultation with the auditor demonstrates this commitment.
c. communicate delays to financial report submission early to minimise disruptions and facilitate resource allocation. Flexibility may be required from entities when rescheduling their audit.	Not applicable. The City consistently meets all report submission deadlines.
d. evaluate opportunities to submit financial reports earlier for audit.	The City has complex accounting transactions that require significant effort at end of financial year (e.g. landfill rehabilitation model). While the City has always submitted financial reports in a timely manner, it is important that these are accurate and sufficiently reviewed before submission.
e. refer to our Audit Readiness Tool which contains checklists to assist in preparation for audit.	The City is already using and making good use of this tool in its audit preparations.

### Strategic Plans/Policy Implications

#### Listening & Leading

A community focused, sustainable, accountable, and progressive organisation.

- Best practice Governance, partnerships and value for money.

### Budget/Financial Implications

N/A



**Legal Implications**

N/A

**Community Consultation**

N/A

**Risk Management Implications**

Reviewing the OAG's annual local government audit report allows the City to improve financial management, reporting, and governance controls.

**Advice to Proponent(s)/Submitters**

N/A

**Implications of Section 3.18(3) *Local Government Act 1995***

Nil



Report 12: 2024-25 | 24 April 2025

FINANCIAL AUDIT RESULTS

# Local Government 2023-24



**Office of the Auditor General  
for Western Australia**

**Audit team:**

Grant Robinson  
Kellie Tonich  
Tamara McCarthy  
Financial Audit and Information Systems Audit teams

National Relay Service TTY: 133 677  
(to assist people with hearing and voice impairment)

We can deliver this report in an alternative format for  
those with visual impairment.

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ISSN: 2200-1913 (print)  
ISSN: 2200-1921 (online)

***The Office of the Auditor General acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures, and to Elders both past and present.***

Image credit: shutterstock.com/Stephen.I.Parsons



WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

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**Local Government 2023-24 –  
Financial Audit Results**

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Report 12: 2024-25  
24 April 2025



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**THE PRESIDENT  
LEGISLATIVE COUNCIL**

**THE SPEAKER  
LEGISLATIVE ASSEMBLY**

#### **LOCAL GOVERNMENT 2023-24 – FINANCIAL AUDIT RESULTS**

This report has been prepared for submission to Parliament under the provisions of sections 24 and 25 of the *Auditor General Act 2006*.

The report summarises the final results of our annual audits of 135 of 147 local government entities for the year ended 30 June 2024.

I wish to acknowledge the assistance provided by the councils, chief executive officers, finance officers and others, including my staff and contract audit firms, throughout the financial audit program and in finalising this report.

A handwritten signature in purple ink that reads "Labuschagne".

Sandra Labuschagne  
Acting Auditor General  
24 April 2025

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## Report overview

2023-24 was our third year auditing the entire local government sector and we continue to see the impact of the hard work put in by the sector and our audit teams. For 2023-24, 91.8% of audit opinions, covering 135 of 147 local government entities, were signed by 31 December 2024 (2023: 89%). We are in a good position to provide a holistic view of the sector, again earlier than we did last year. There were 12 entities' audits outstanding at 31 December 2024 which are not included in this report. These entities encountered various challenges in providing us with information to enable their audits to be finalised.

An area of improvement in 2023-24 was a reduction in the number of qualified audit opinions from 12 entities in 2022-23 to six entities this year. The reduction was partially driven by legislative relief around valuations of infrastructure and property, plant and equipment. The overall number of financial management findings also decreased by 29%, from 718 issues to 512. We commend entities for the ongoing improvements and the Department of Local Government, Sport and Cultural Industries (DLGSC) in its actions to support the sector. The Office will continue to offer support and input where appropriate.

Another area of improvement was timeliness. However, while timeliness has improved year on year, we continue to see a bottleneck of audit sign-offs in December. We also still experience multiple financial statement versions submitted for audit and high error rates in those versions. These challenges further contribute to increased audit effort and costs, and delay audits.

Most emphasis of matter (EoM) paragraphs this year were due to fixing prior year errors. Eight of 18 EoM paragraphs related to restatement of prior year fixed asset or infrastructure balances, many where assets were not previously recognised in the accounting records and financial report. The restatement of prior year numbers requires both local government staff and Office staff (including contractor audit firms) to re-examine previously audited numbers.

Pleasingly, information systems control issues have also reduced by 25% compared to 2022-23. A full analysis of these results is contained within the *Local Government 2023-24 – Information Systems Audit Results*<sup>1</sup> report.

DLGSC and entities are encouraged to consider the recommendations included in this report, and draw on our better practice guides, to streamline the financial reporting and auditing processes. It is pleasing to see the significant progress made by entities this year and we hope to see this momentum maintained for the 2024-25 season.

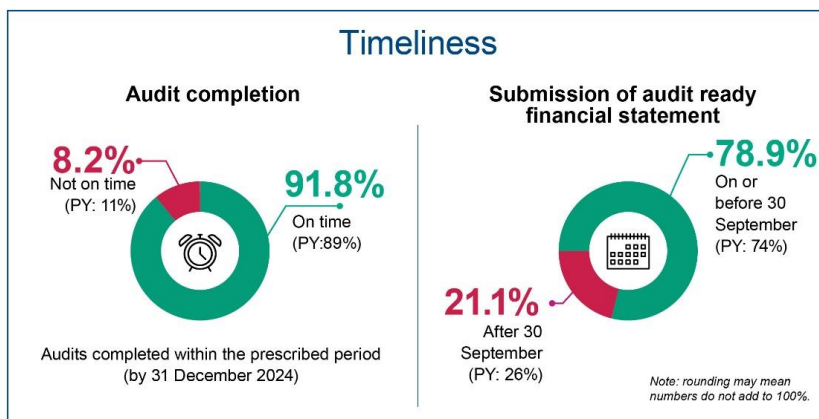
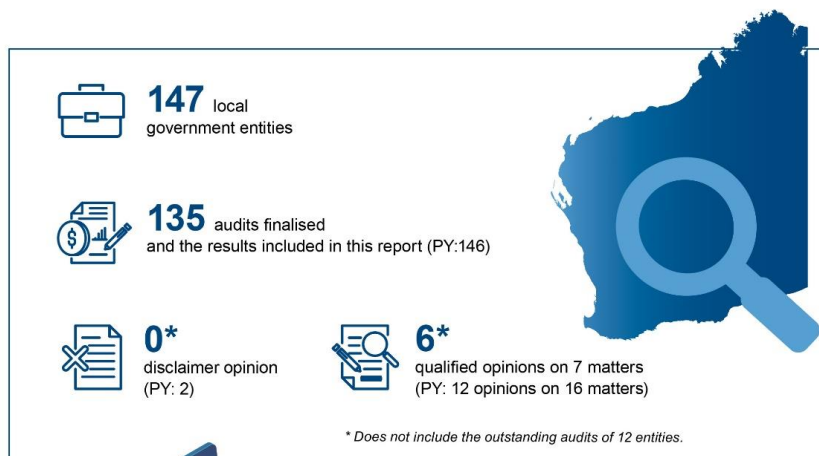
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<sup>1</sup> Office of the Auditor General, [Local Government 2023-24 - Information Systems Audit Results](#), OAG, 11 April 2025.



## 2023-24 local government reporting cycle at a glance

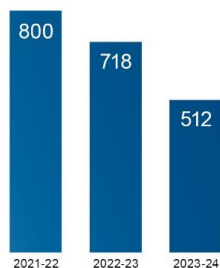
This report contains our findings from the annual financial audits of the local government entities whose audits were completed by 31 December 2024.



PY: prior year

### Audit results\*

\* Does not include the outstanding audits of 12 entities.



Financial management issues

**0**

disclaimer  
of opinion  
(PY: 2)

**6**

qualified  
opinions  
(PY: 12)

**12**

opinions  
outstanding  
(PY: 1)

**512**

financial  
management  
issues (PY: 718)

**353**

information system  
control issues  
(PY: 473)

**4**

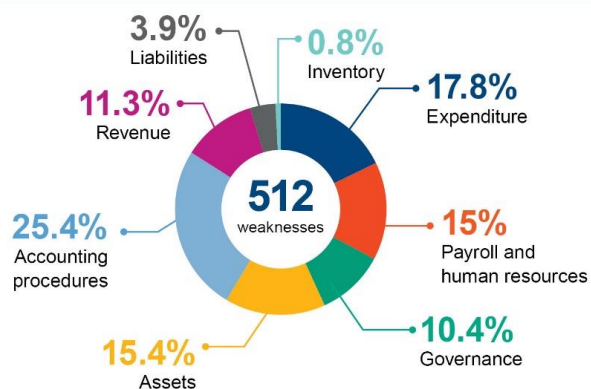
qualified opinions  
on 5 matters  
removed (PY: 5)

**18**

emphasis of matter  
paragraphs (PY: 18)

### Financial and management weaknesses

The 135 entities with  
finalised audits had:



### Financial reporting, accountability and audit matters



Quality and timeliness of financial reporting  
(page 12)



Asset valuations & found assets  
(page 22)



Accounting standard changes  
(page 24)



Timely communication of audit fees  
(page 25)

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## Recommendations

### To streamline the audit process:

Entities should:

- a. submit good quality, reviewed and CEO-signed financial reports for audit no later than 30 September. Our expectation is that CEO certification means management is satisfied the financial report is a complete and accurate record of their entity's finances and all numbers and disclosures are supported by underlying work papers. Supporting work papers and reconciliations should be available by this date (page 12)
- b. evaluate the significance of errors and decide if they need to be adjusted. Analyse the root cause for the errors (page 13)
- c. communicate delays to financial report submission early to minimise disruptions and facilitate resource allocation. Flexibility may be required from entities when rescheduling their audit (page 16)
- d. evaluate opportunities to submit financial reports earlier for audit (page 15)
- e. refer to our Audit Readiness Tool which contains checklists to assist in preparation for audit (page 16).

The Department of Local Government, Sport and Cultural Industries (DLGSC) should:

- f. consider further opportunities to reduce financial report disclosure requirements to provide further relief to entities, without compromising the needs of users of the financial report. This recommendation is reoccurring from our *Local Government 2022-23 – Financial Audit Results* report (page 24).

### DLGSC response:

DLGSC recognises the importance of this consideration and is committed to continuous review and monitoring for opportunities to streamline and simplify reporting processes. This approach ensures that the necessary information is captured efficiently, while minimising the effort required from entities and the auditor. By regularly evaluating and refining our reporting requirements, DLGSC aims to maintain a balance between thoroughness and ease of use.

### To improve reporting and accounting for fixed assets:

Entities should:

- g. conduct asset counts to support the completeness and accuracy of asset records (page 23).

DLGSC should:

- h. finalise their valuations guide and release this to improve consistency and reliability of valuations across the sector. This recommendation is reoccurring from our *Local Government 2022-23 – Financial Audit Results* report (page 22).

### DLGSC response:

After consultation with other jurisdictions, the DLGSC is finalising a comprehensive guide to assist entities in revaluing non-financial assets. This guide aims to enhance the consistency and reliability of asset valuations. It will encompass key topics such as valuation

methodologies, scope of works and assumptions used in the valuation process as outlined and is scheduled for completion by 30 June 2025.

**To reduce management letter findings:**

Entities should:

- i. alert OAG audit engagement leaders to new processes or systems, any issues encountered during the year, or any area of concern or technical accounting determinations (page 16).

DLGSC should:

- j. consider providing guidance for entities around commercial operations and consider if regulatory change is warranted (page 22)
- k. develop guidance on how to disclose and account for prior period errors (page 23)
- l. develop WA guidance on rehabilitation provision accounting. This recommendation is recurring from our *Local Government 2022-23 - Financial Audit Results* report (page 23).

**DLGSC response:**

DLGSC will consider as part of any further local government reforms the potential to streamline regulation in the setting of fees and charges for local governments and regional subsidiaries to reflect modern commercial management. Regulatory changes are however ultimately decisions for the Minister for Local Government and in respect of the *Local Government Act 1995*, the Cabinet.

DLGSC will consider if existing guides on accounting for rehabilitation provisions can be localised for Western Australian specific legislation.

DLGSC acknowledges the challenges that accounting for prior period errors can present to local governments. DLGSC will assist by providing affected local governments with examples for previous prior period error corrections of a similar nature. However, the best approach is for the local government to provide early advice to the auditor on their need to report a prior period error.

## Review of the 2023-24 financial year

### Introduction

Our financial audits focus on ensuring the accuracy of an entity’s annual financial statements. This report summarises the results of the financial audits of local government entities (entities) for the year ended 30 June 2024. It includes the results for the 135 of 147 entities’ audits that we completed by 31 December 2024 (Appendix 1), with the remaining 12 entities’ results to be tabled in Parliament once their audits are completed. Appendix 1 also includes statistics of results by local government band to enable entities to contextualise their own results.

### Summary of audit opinions

For the financial year ending 30 June 2024, we issued clear opinions for 129 entities by 31 December 2024 and six audit opinions were qualified. We included 18 emphasis of matter (EoM) paragraphs in the auditor’s reports of 18 entities and one audit opinion with a material uncertainty of going concern.

Audit year	2022-23	2023-24
Number of entities subject to OAG audit	147	147
Number of entity audits included in results report	137	135
Number of entity audits included in updated statistics <sup>2</sup>	146 <sup>2</sup>	N/A
Clear (unqualified) audit opinions	132 <sup>2</sup>	129
Qualified opinions	12 <sup>2</sup>	6
Disclaimer of opinion	2 <sup>2</sup>	0
Material uncertainty related to going concern	1	1
Emphasis of matter paragraphs	18 <sup>2</sup>	18

Source: OAG

Table 1: Audit results for the past two years

### No disclaimed opinion yet for 2023-24

Of the 135 entities audits signed by 31 December 2024, we issued no disclaimers of opinion. This status may change as we finalise the remaining outstanding audits.

Issuing a disclaimer of opinion is the most serious audit outcome. In 2022-23, we issued two disclaimers of opinion, the City of Nedlands which was reported in our *Local Government 2022-23 - Financial Audit Results* report and the Shire of Halls Creek which was completed after the cut-off date of that report<sup>3</sup>. A disclaimer of opinion is issued when there is insufficient evidence to form an opinion and the effect is pervasive through the financial report.

<sup>2</sup> Updated statistics as per Appendix 10 of tabled report on OAG website, *Universities and TAFEs 2023 - Financial Audit Results*, 5 December 2024.

<sup>3</sup> The opinion for the Shire of Halls Creek was included with updated statistics as per Appendix 10 of tabled report on OAG website, *Universities and TAFEs 2023 - Financial Audit Results*, 5 December 2024.

### Six qualified opinions

So far for 2023-24, six entities received qualified opinions, covering seven qualification matters (Appendix 4) representing a decrease in the number of qualified entities from 2022-23 where we qualified the audit opinions of 12 entities, covering 16 qualification matters.

All seven qualification matters related to assets: one for biological assets and six for infrastructure assets. Five of the qualification matters related to the comparability of balances due to prior year qualifications. One included a qualification of the current and prior year asset values as the entity was unable to sufficiently determine the existence of their assets in 2022-23 or 2023-24. The other qualification matter related to insufficient evidence to support the existence of biological assets.

Additional audit work is required in the year following a qualification to determine if the qualification needs to remain or if it can be removed. We expect five of the 2023-24 qualifications to be cleared in the 2025 financial year as the qualified comparative balances will no longer be reported.

### Emphasis of matter paragraphs

In 2023-24, we included 18 EoM (Appendix 6) paragraphs in 18 entity auditors' reports which is on par with the 18 EoM paragraphs included in 17 reports the prior year. We anticipate this number to increase as the outstanding 12 audits are finalised. This year EoM paragraphs directed the readers' attention to:

- restatements of comparative figures or balances to correct prior period errors, largely related to property and infrastructure assets (2023-24: 14 entities) (2022-23: 13 entities)
- events occurring after balance date (2023-24: 2 entities) (2022-23: 3 entities)
- the basis of accounting used by the entity (2023-24: 1 entity) (2022-23: 1 entity)
- legal determination pending (2023-24: 1 entity) (2022-23: 1 entity).

The increase in entities with prior period errors in their financial reports is of concern. These errors largely relate to found assets, which are owned assets that had not been appropriately recognised in the accounting records and financial report. To reduce the risk of such errors, entities should review their processes and controls to ensure their asset records appropriately capture all assets.

It is commendable that entities proactively find and correct prior period errors; however, it raises serious concerns around historical accounting records and increases audit risk. Additionally, errors cause delays and increase audit effort as prior year numbers need to be re-audited and additional disclosure notes must be reported and verified.

Five prior period errors were a result of gifted assets not being recognised in the accounting records of entities at the time they were received. It is important that when entities receive assets, regardless of the amount they have paid for them, that they are appropriately recognised in entity accounting records and at the appropriate value.

A full description of EOM paragraphs is included in Appendix 6.

### Material uncertainty related to going concern

Under Australian Auditing Standards, we consider whether events or conditions exist that may cast significant doubt on the entity's ability to continue as a going concern.

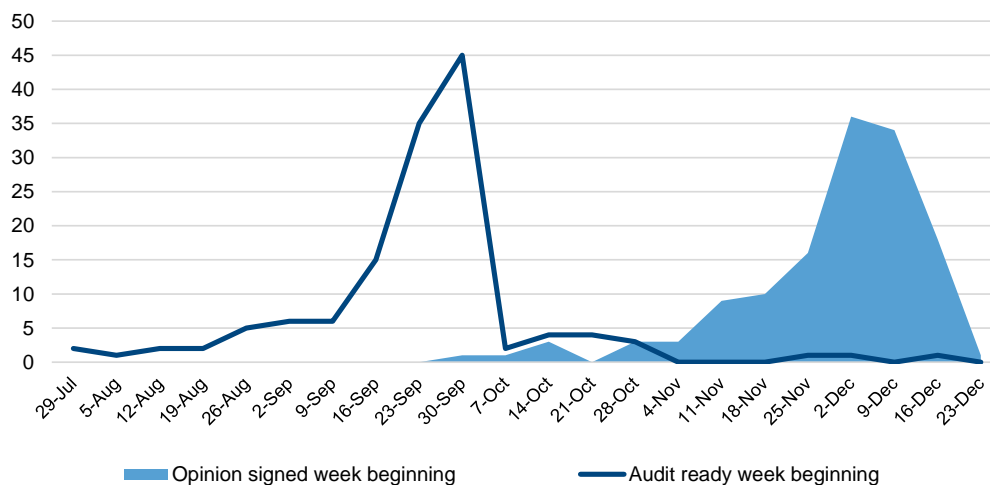
In 2023-24, this applied to the Resource Recovery Group (Group). The going concern issue arose due to the majority of member councils withdrawing from the Group. This material

uncertainty was first included in the Group's audit report for 2022-23. This was not reported in our 2022-23 results report as the audit was finalised after the cut-off date for that report.

Appropriate disclosures were included in the Group's financial report about this matter and our auditor's report draws readers' attention to these disclosures, an extract of this is included in Appendix 7.

### Quality and timeliness of financial reporting

We aim to finalise all audits early enough for entities to meet their legislated timeframes for adopting their annual reports. Appendix 1 outlines the date we issued each entities' 2023-24 auditor's report and our assessment of their audit readiness. Of the 122 entities which provided financial statements by 30 September 2024, we considered 116 to be audit ready.



Source: OAG

**Figure 1: Audit ready financial report submitted for audit vs. audit completion dates by week beginning**

### Issues with quality of financial reports

The quality of financial reports and supporting documentation directly impacts audit timelines. For 2023-24, we continued to see issues resulting from a lack of quality review processes. This included high numbers of financial report versions, a large number of audit reports with EoM paragraphs due to prior period restatements and a significant number of audit errors.

### Revisions to financial reports

Multiple financial report versions impact the cost of financial reporting. On average four versions of the financial report (2022-23: five versions) were provided by each entity for 2023-24. One entity submitted 16 versions. Each new version requires time to review and verify the changes, and increases the risks around version control.

To improve the quality of financial reports provided to audit and reduce the number of versions provided, we request financial reports go through an internal review and certification process prior to being submitted for audit. This process is to ensure the financial report has been interrogated and stress-tested internally, with the expectation that errors or other anomalies are identified early and corrected by the entity before the audit starts.

A rigorous review process enables CEOs to be comfortable with the report submitted and prepared to sign as final. In 2023-24, 117 entities provided us with statements certified by the

CEO at the commencement of the audit. Of the remaining entities, five were signed by the CFO or equivalent and 13 entities did not have any certification prior to submission for audit.

Entities should also have their financial report reviewed by council prior to providing for audit. Where councillors have not reviewed the financial report prior to audit sign-off there can be a situation whereby councillors are unhappy with disclosures in the report or want changes. This is evidenced in Case study 1.

#### Case study 1: Councillors not shown financial report prior to audit sign-off



A local government entity had their audit completed and signed in mid-December. The following week we received a request to amend the audited financial report due to council's dissatisfaction with a disclosure.

While minor disclosure amendments are simple in theory, any amendment to an audited annual report requires significant audit effort. Our audit opinion would have to be recalled and re-issued, amended disclosures would need to be re-audited and we have to re-perform subsequent event reviews as required by the auditing standards. This can quickly add up to an expensive exercise with minimal benefit to ratepayers. When this was conveyed, along with the likely timeline for actioning the changes, the entity elected not to go ahead with the amendments.

To avoid similar situations, entities should ensure the council, either in full or via delegated authority to the audit committee, is comfortable with the financial report prior to it being submitted for audit. This should form part of the pre-audit review of the financial report. Without a comprehensive review process there is an increased risk that the financial report is not audit ready.

#### Financial report errors

Errors coupled with multiple financial report versions are indicators of the quality of financial operations.

At 31 entities (2023: 34) we found no errors. For the other 104 entities, we identified 377 errors, 257 of which entities corrected (adjusted) in the final financial report and 120 remained uncorrected (Table 2). We expect the numbers of errors to increase once the remaining audits are finalised. There was a decrease in both the total number and total value of errors from the prior year and when compared with both the previous year's totals.

Year	Adjusted errors			Unadjusted errors			Total errors	
	No. of entities	No. of errors	Value	No. of entities	No. of errors	Value	No. of errors	Value
2023-24	104	257	\$355,842,684	54	120	\$54,998,088	377	\$410,840,772
2022-23	100	285	\$1,125,288,333	59	104	\$69,157,705	389	\$1,194,446,038
2021-22	91	335	\$1,613,529,048	58	132	\$50,668,884	467	\$1,664,197,932

Source: OAG

Table 2: Adjusted and unadjusted errors for entities



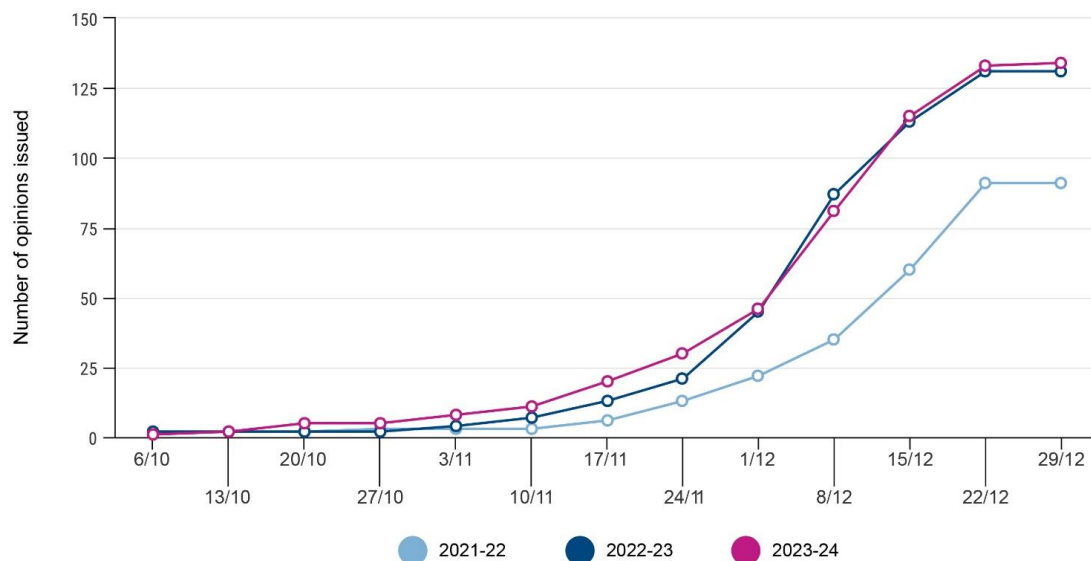
We identify errors based on evidence found during our audit. Material errors require correction to (in most cases) avoid qualification; for smaller errors, entities can choose whether or not to adjust.

We inform management and those charged with governance of all errors other than those that are clearly trivial. By hearing about them, the entity can identify potential risk areas or other matters impacting their financial reporting. Entities should consider carefully whether they make adjustments for errors that are not material. Smaller errors have no real impact on the financial report but require time to process and validate. All errors, but particularly those which are adjusted by the entity, increase the time and cost of financial reporting and of the audit. At one entity we noted 15 errors, it adjusted 13, but only five were material in total. Entities need to get the balance right in terms of the overall objective of the financial report.

## Timeliness

### *OAG hard line initiative factor in improved timely reporting*

This was the second year we invoked our hard line initiative. The initiative focuses on improving the quality and timeliness of financial reports and associated working papers that entities provide for audit. The continued support from the sector meant we were able to issue 91.8% of entities' audit opinions prior to 31 December 2024 (89.1% to 31 December 2023 for 2022-23). Entities have continued to work hard to prepare for their audits and provide more timely information. Figure 2 illustrates the completion of audits across the three years where we have had responsibility for all local government audits. It clearly shows the impact of the hard-line initiative in moving the completion of audits earlier.

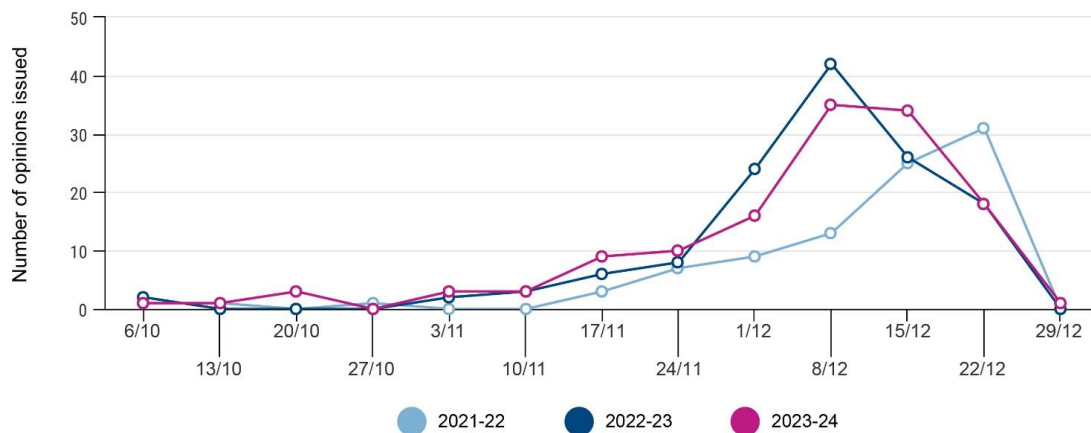


Source: OAG

**Figure 2: Cumulative opinions issued in 2022, 2023 and 2024 by date**

### *Audit bottleneck*

There is a significant bottleneck in December. The majority of opinions are issued in December – 60.5% in 2023-24 and 63.9% in 2022-23 (Figure 2) with a substantial spike in the number of opinions issued per week (Figure 3). We issued more opinions in the second half of December 2024 than in 2023, 52 opinions in 2023-24 as opposed to 44 opinions in 2022-23.



Source: OAG

**Figure 3: Opinions issued per week in 2022, 2023 and 2024**

Despite only 78.9% (116 entities) of the sector being audit ready by 30 September 2024, we completed 91.8% of the sectors audits on time. The 19 entities included in this report that submitted their financial reports late added to the December bottleneck. Entities need to further improve their audit readiness as early preparation may enable audits to be brought forward. It also creates a buffer so audits with unexpected delays or newfound issues may still be completed within mandated timeframes.

Another factor in the bottleneck is entities viewing 30 September as the initial submission date for their financial report rather than treating it as the final date they can provide their financial report. Entities should focus on bringing forward their financial reporting processes to enable submission of their financial report as early as possible. Case study 2 illustrates what can be achieved when entities are audit ready ahead of 30 September.

Figures 1, 2 and 3 illustrate the time pressure point for finalising audits and how critical it is to meet agreed timelines. We need to work with the sector to bring work forward, wherever possible, to reduce the bottleneck and peak in workload.

#### Case study 2: Entity provided a complete financial report ahead of the statutory deadline



The Shire of Denmark had their financial report audit ready on 6 September 2024, more than three weeks ahead of the statutory deadline. This allowed the audit team to complete the audit and issue the opinion on 18 October 2024.

The Shire had completed internal review processes prior to submitting their report for audit that had been certified by the CEO on submission. The internal review process was thorough and meant that we were able to provide a clean audit opinion on the second version of their financial report with the Shire having no adjusted or unadjusted errors.

Having their audit completed by mid-October meant the Shire was reporting timely data to their ratepayers and other stakeholders, and allowed ample time to meet their statutory reporting deadlines before the end of the calendar year.

### *Reduction in requests for submission extension of financial report to auditor*

Entities can apply to DLGSC prior to the legislated deadline of 30 September for an extension to submit their financial report for audit. There was a 37% reduction in the number of extensions this year, with 17 entities requesting extensions (Appendix 2), down from 27 entities in 2022-23. Entities need to advise us early if they are seeking an extension so we can work with them to minimise any adverse impact on the scheduling of their audit.

Extensions impact the timeliness of reporting. There can be legitimate reasons for one-off extensions; however, repeat extensions can be symptomatic of other underlying problems where early intervention is critical to prevent these from escalating. It is acknowledged that in July and August of each year, a time which should be primarily focused on preparation of the financial report, entities have competing priorities. On top of their business-as-usual work, entities are required to prepare and adopt their annual budget for the year by 31 August. This work is often completed by the same staff that would prepare the financial report.

Of the 17 entities given extensions, one entity received an extension to December 2024 and three obtained extensions into early 2025. These heavily extended deadlines meant it was impossible for these financial reports to be audited by the statutory deadline of 31 December 2024. Of the 12 entities that did not have their audits completed by 31 December 2024, nine had received an extension.

### **Audits finalised after 31 December 2024 and those that are still in progress**

The twelve audits that were not finalised prior to 31 December 2024 encountered numerous challenges (Appendix 3).

Generally, audits in progress share some of the following themes:

- **Data integrity and system changeovers:** information to support the trial balance and financial report disclosures was not readily available, including appropriate data validation for those entities which had changed financial systems during the year. We encourage entities to review our better practice guides<sup>4</sup> to better understand audit information requirements.
- **Key staff availability:** positions were vacated during the audit or have been vacant for some time. When key staff resign prior to or during the audit process, often no one is left at the entity who can assist with audit queries or provide the necessary information.
- **Difficulty closing out technical reporting matters:** some entities lacked the expertise required to adequately manage complex financial reporting. Technical matters such as business purchases, found assets and additional work required to clear prior year opinion modifications were too often left to the audit teams to resolve.
- **Incomplete valuations:** valuations are not readily available or we have concerns with their accuracy and/or completeness.

For those audits still in progress, we expect to issue further qualified opinions or opinions that include an EoM paragraph. We also expect the number of financial control findings to increase.

<sup>4</sup> Office of the Auditor General, [Audit Readiness – Better Practice Guide](#), OAG, 30 June 2023 and Office of the Auditor General, [Western Australian Public Sector Financial Statements – Better Practice Guide](#), OAG, 14 June 2021.

Best practice entities

We rate entities on their financial reporting practices which is measured against the following criteria:

- timeliness of CEO-certified financial report
- quality of financial report (financial statements and notes)
- quality of working papers that support the financial report
- management resolution of accounting matters
- key staff availability during the audit
- number and significance of management letter findings
- clear opinion with no EoM or other audit report modifications.

We congratulate the entities we rated as the top 20 achievers for 2023-24.

Best practice top 20 entities	
<ul style="list-style-type: none"><li>• City of Albany*</li><li>• Town of Bassendean</li><li>• Shire of Beverley*</li><li>• Shire of Brookton*</li><li>• Shire of Chapman Valley</li><li>• Shire of Christmas Island</li><li>• Shire of Cue*</li><li>• Shire of Dardanup*</li><li>• Shire of Denmark*</li><li>• Shire of Dumbleyung*</li></ul>	<ul style="list-style-type: none"><li>• Shire of Esperance*</li><li>• Shire of Exmouth</li><li>• Shire of Irwin*</li><li>• Shire of Lake Grace</li><li>• Shire of Menzies</li><li>• Shire of Mundaring</li><li>• Shire of Murray</li><li>• Shire of Perenjori*</li><li>• Shire of Three Springs*</li><li>• City of Vincent</li></ul>

Source: OAG

\* Indicates entities which received best practice in the 2022-23 report.

Table 3: Best practice entities for 2023-24

Certifications

Since November 2024<sup>5</sup>, we completed 14 certifications on Roads to Recovery Program, Local Roads and Community Infrastructure Program, and Deferred Pensioner Claim. All of these were clear certification opinions. Appendix 8 includes a full listing of certifications issued.

Control weaknesses

Control environment

We reported a total of 865 control findings in 2023-24 which is a reduction from the prior year (1,191 control findings). These are made up of 512 financial management issues (2022-23: 718) and 353 information system (IS) control issues (2022-23: 473).

An entity’s control environment includes the governance and management functions and the attitudes, awareness and day-to-day actions that contribute to the internal control practices of

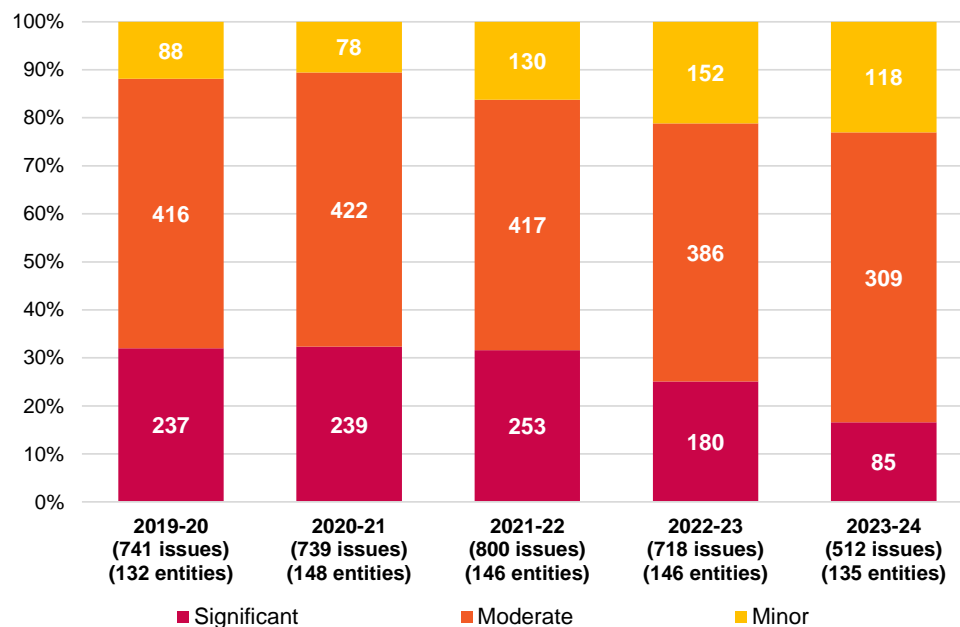
<sup>5</sup> Certifications prior to November 2024 have been included in previously tabled financial audit results reports, most recently within the *Universities and TAFEs 2023 - Financial Audit Results* report tabled on 5 December 2024.

importance to the entity. A control environment with adequate systems, processes and people reduces the risk of error and fraud, and provides assurance to management, council and auditors that financial reports are materially correct. We assess each entity's control environment during our risk assessment procedures. We report details of weaknesses in the environment to entities. The main themes of these weaknesses are discussed in further detail below. We reported in detail the IS control findings in a separate report to Parliament<sup>6</sup>.

## Financial management controls

We alerted 119 entities to 512 financial management control weaknesses across our three risk categories (Figure 4) compared with 718 weakness reported to 132 entities in 2023. The total number of findings is tracking lower than in recent years. These numbers will increase once the 12 outstanding entities are finalised; however, we don't expect the increase in number of findings to be greater than that reported in 2022-23. Importantly, the number of significant issues raised continued on a downward trend in 2023-24.

Definitions of our finding risk ratings can be found at Appendix 10.



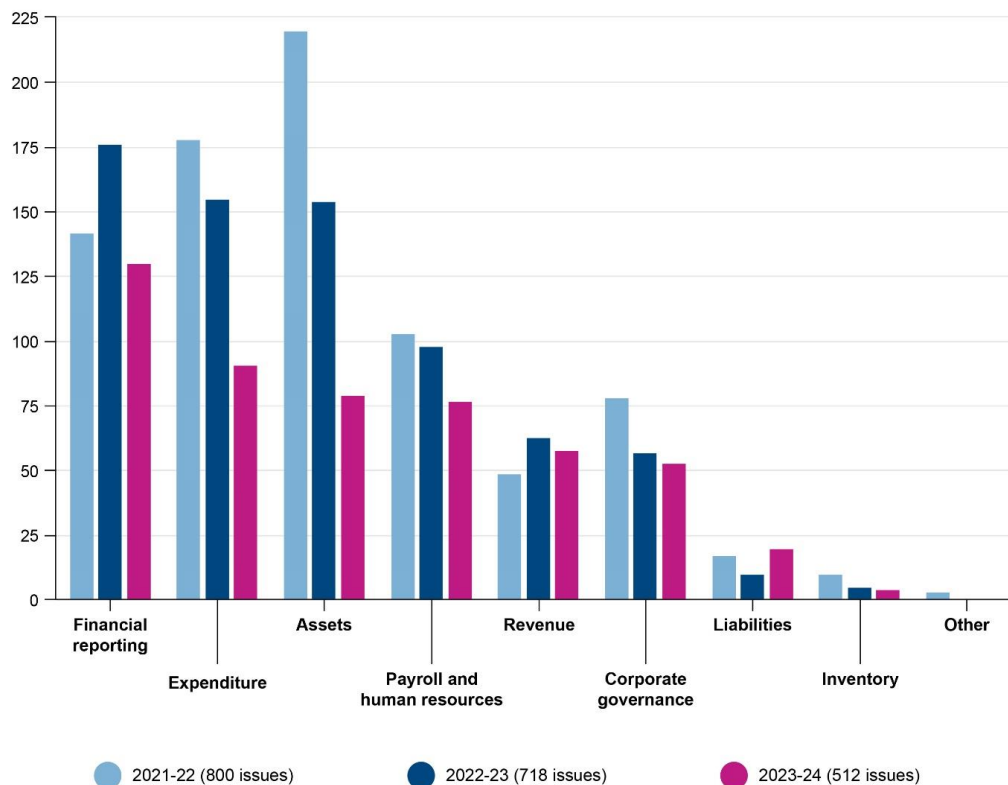
Source: OAG

Note: number of entities is the total number of entities audited by OAG for that year.

**Figure 4: Proportion of control weaknesses reported to management in each risk category and comparative ratings of the control weaknesses**

<sup>6</sup> Office of the Auditor General, [Local Government 2023-24 - Information Systems Audit Results](#), OAG, 11 April 2025.

As can be seen in Figure 5, financial reporting has become the largest area of concern. There has been a large drop in assets management issues this can be attributed in part to regulatory relief for the sector and in part to the work entities have done to clear some of their longstanding issues.



Source: OAG

**Figure 5: Financial management control issues reported to entities**

### Financial reporting

We raised 130 (2022-23: 176) issues at 67 (2022-23: 80) entities relating to their financial reporting procedures. Of the 130 issues, 38 were unresolved from the prior year and 28 were rated as significant.

Twenty-one per cent of issues (28 issues) related to bank reconciliations. We found reconciliations were not being performed or not being performed in a timely manner, not being reviewed and reconciling items being long outstanding. Bank reconciliations are a key financial management control and without a good reconciliation process financial reports are prone to errors and fraud may go undetected.

Fifteen per cent of issues (20 issues) related to general ledger reconciliations (not of a bank nature) and journal entries. Where balances in the finance system are not regularly reconciled to sub-systems there is an increased risk of errors in financial reporting. While accounting journal entries are a standard practice at all entities, they are a high-risk area from an auditor's perspective, as adjustments can change previously approved and posted transactions. Key controls over journal entries include segregation between journal posters and approvers, and appropriate review processes. Without these controls there is an increased risk of errors within the financial report and an increased risk of fraud. Generally these findings can be easy to correct with the implementation of regular reconciliation and

review processes and journal entry controls. We look forward to the results of the 2024-25 audit to see if these findings have been corrected.

The financial report submitted to audit should be supported by reconciliations and working papers of a high quality. Entities should document the procedures for producing the financial report to ensure business continuity in the event of staff changes. The financial report should be reviewed by the CEO and council or the audit committee to ensure its quality. Following this, the CEO should sign the financial report and submit it for audit. Further guidance for entities is available in our better practice guides accessible on our website<sup>7</sup>.

### Expenditure

We reported 91 expenditure weaknesses to 57 entities in 2023-24, compared with 155 issues to 76 entities in 2022-23. Of these 91 weaknesses, 22 were unresolved from the prior year and 10 were rated as significant.

As was the case in previous years we found instances of purchase orders raised after the invoice date and entities not seeking enough quotes. Seeking an appropriate number of quotes is an important control in ensuring value for money. Purchases made without authorised purchase orders increase the risk of unauthorised spending. These issues made up 49.5% (45 findings) of our expenditure findings.

Credit card controls accounted for 23% (21 issues) of the findings. We found credit card policies that were outdated or not complied with, transactions not being appropriately reviewed or approved, and instances where invoices were paid which were not in the name of the entity. Our recent performance audit report, *Local Government Management of Purchasing Cards*<sup>8</sup>, contains insights about entities credit card usage and where controls can be strengthened in this area.

Poor procurement practices increase the risk of fraud. It also increases the risk that entities may not be obtaining the best value for money. Entities need fit for purpose controls and processes that operate effectively to help mitigate against procurement risks.

### Asset management

We identified 79 findings at 50 entities compared with 154 findings at 84 entities in 2022-23. Of the 79 findings, 24 were prior year findings which have not been resolved and 24 were rated as significant. In 2022-23, most findings related to entities not revaluing their assets with sufficient regularity; however, in 2023-24 this is no longer the most prevalent issue. The reason for this is regulatory relief for entities around the regularity with which valuations need to occur, reducing from annual reviews to being every five years. We do anticipate that in revaluation years the number of asset management findings will increase.

In 2023-24, most asset management findings related to depreciation and reconciliations (19 issues each). Asset reconciliations are vitally important to ensure the asset records are appropriately recognised in the financial system as without appropriate reconciliation processes ownership status of assets can be difficult to ascertain or owned assets can be lost from records. Depreciation impacts on both asset carrying amounts and expenditure. Where assets are not depreciated or depreciation rates are inappropriate, reported asset carrying amounts will not be correct.

Due to the value of assets owned by most entities (namely property and infrastructure), anomalies in any one or more of the above factors can easily lead to qualifications of audit

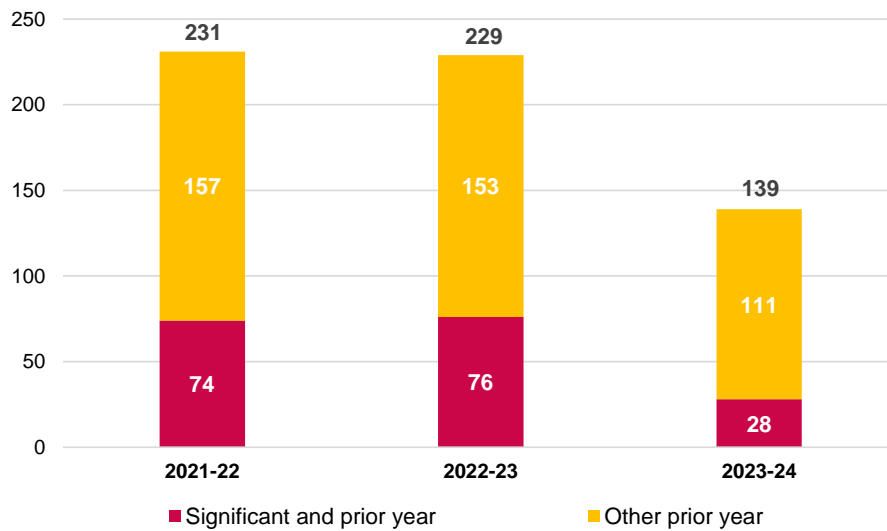
<sup>7</sup> Office of the Auditor General, [Audit Readiness – Better Practice Guide](#), OAG website, 30 June 2023 and Office of the Auditor General, [Western Australian Public Sector Financial Statements – Better Practice Guide](#), OAG website, 14 June 2021.

<sup>8</sup> Office of the Auditor General, [Local Government Management of Purchasing Cards](#), OAG website, 12 June 2024.

opinions. It is important that entities remain alert to these issues and ensure their assets are appropriately valued, depreciated and reconciled each year.

### Findings unresolved from prior year

For 2023-24, 139 financial management control findings raised across 67 entities (2022-23: 229 findings across 87 entities) remain unresolved from prior years. This represents 27% (2022-23: 34%) of all current year findings. Of these, 20% (28 issues, 2022-23: 76 issues representing 33%) are significant, requiring urgent action.



Source: OAG

**Figure 6: Prior year issues per year**

The carry over findings mainly relate to financial reporting, assets and payroll. Common themes were:

- reconciliations were not performed regularly for assets and other balance sheet items
- poor procurement practices, including around the purchase of assets
- employees with excessive annual leave balances, considered to be balances larger than 8 weeks, represent a large liability to their employer. Findings also related to the accuracy and completeness of employee leave balances.

It is unfortunate that these issues remain outstanding. Issues add to audit time and costs. Entities need to prioritise fixing these issues.

### Information system controls

By 31 December 2024 we had reported 353 information system control weaknesses to 87 entities compared with 473 issues at 76 entities in 2023-24. This represents a significant improvement across the sector since our previous years' audit.

The number of significant findings also fell; however, half of them were unresolved issues from the prior year. Information and cyber security continue to be the area of highest concern. It was encouraging to see entities on a journey to implement better practice cyber security controls, which will help them address audit findings.



Computer controls included in information systems form part of the entity's control environment. The auditing standards require us to assess each entity's control environment inclusive of computer controls as part of risk assessment procedures. Entities rely on information systems to deliver a wide range of services. These are essential to processing and storing data and producing financial reports. We assess the general computer controls to determine if entities' computer controls effectively support the preparation of financial reports, delivery of key services, and the confidentiality, integrity and availability of information systems.

We reported in detail the IS control findings in a separate report to Parliament<sup>9</sup>.

## Continuous improvement opportunities

There are opportunities for entities and DLGSC to work together to address some areas of accounting and reporting complexity that continues to be challenging for entities. We found entities with commercial operations could provide greater clarity around their operations. Entities found assets previously owned (usually gifted by developers) but had not been previously included in their financial reports, and we found the revaluation and recognition of certain assets continues to be an area of inconsistency across the sector. We continue to see entities requiring support with accounting for their rehabilitation provisions and the impact of outsourcing on financial reporting capacity in the regions. These major areas for improvement are discussed in further detail below.

### Commercial operations

The *Local Government Act 1995* (the Act) prescribes the accounting for and presentation of fees and charges. However, the prescripts for fees and charges are not suited to pricing mechanism for commercial operations. For example, the Act has conditions that entities must adhere to in the pricing of goods, and changes to prices. Prices are to be included in the budget, requiring an absolute majority of council to approve changes and every time prices need to change, the entity must give notice to the local public of the intention to change prices. For commercial operations which require regular price and product changes, this is not practical. Examples of such commercial operations include general stores, airports, accommodation facilities, post offices or golf pro shops. We also think it is important that the nature of these transactions are reflected as sales of goods and services as that is their true nature. DLGSC should consider if this part of the Act needs to be reviewed or if entities could benefit from guidance on the accounting treatment and disclosure expected for commercial operations.

### Fixed assets

#### Valuations

As part of our recommendations last year, we suggested DLGSC provide guidance on valuations. DLGSC is still in the process of developing a guide to assist entities when revaluing assets. We understand the guide will cover topics such as valuation methodologies, scope of works and assumptions used in the valuation process. As such, the guide is an important tool to help entities improve their processes and increase the consistency of judgements and decisions around the assumptions driving valuation outcomes, making the valuations more reliable. DLGSC advised the guide had been shared with other jurisdictions in Australia for their input and feedback before finalisation, which is expected to be before 30 June 2025. This guide will be especially important for years when entities are required to revalue their assets (currently every five years) which typically results in increased audit findings on assets.

<sup>9</sup> Office of the Auditor General, [Local Government 2023-24 - Information Systems Audit Results](#), OAG, 11 April 2025.

### *Recognition of assets*

Last year we reported on the inconsistent accounting for crossovers, turf and shrubbery across the sector and recommended DLGSC provide some guidance in this area. There is no technical right or wrong accounting treatment so we have continued to accept the treatment entities have disclosed in their annual report. We still consider the sector could benefit from clear guidance from DLGSC on the accounting treatment for these items to ensure consistency across the sector. DLGSC initially included guidance on accounting for crossovers, turf, garden/trees in the Non-Financial Asset Valuation Guidelines. However, in consultation with this Office in October 2024, it was suggested that DLGSC consider further consultation with other jurisdictions on these, and that it may be best to include it in a later version. DLGSC advises that subject to further review, the section of the guidelines on specific asset types, specifically shrubbery (including trees) and crossovers, is to be considered in the next iteration.

### *Found assets*

An area of concern for 2023-24 was assets found in the current year that related to previous years, these were largely responsible for the increase in prior year restatements for 2023-24 as compared to 2022-23. These assets generally related to assets gifted to entities by developers as part of subdivisions. Entities need to ensure that any gifted assets are entered into both their financial records and asset register, at appropriate values, in the financial year that they are received. Entities need to conduct regular asset counts and verifications, to ensure that all their owned assets are recorded in the asset register.

Some entities outsource the counting and verification process to their valuers, while others carry out the work themselves. Without surety on the completeness of asset records the true value of assets owned by an entity cannot be ascertained or audited.

### **Errors**

For 2023-24, we had a slight increase in the number of EoM paragraphs relating to prior period errors. Entities that find material errors relating to previous years, such as found assets, are required to amend this and disclose a prior period error. Material prior period errors can also arise via many other means. These errors require specific considerations and disclosures to be made, as prescribed in AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, which are often complex. Additionally, due to the rarity of such disclosures, entity staff may not have previous experience with such disclosures. We recommend entities liaise with us early, allowing us to review the proposed approach and draft disclosures and provide feedback earlier in the audit process. We also welcome any guidance from DLGSC via example disclosures and the process to follow to guide entities.

### **Rehabilitation provisions**

Accounting for rehabilitation provisions is complex. Some entities lack the technical accounting capability to calculate and account for their rehabilitation provisions. In the absence of guidance on the recognition and ongoing measurement of rehabilitation provisions, we are often required to provide significant guidance to entities who simply do not understand the technical accounting aspects. LG Professionals has stepped in to assist in this area with a practical accounting guide presentation as part of their March 2025 conference. The presentation was based on a guide developed by the Queensland branch of the Local Government Finance Professionals. The DLGSC should consider if these existing guides can be localised to consider Western Australian specific legislation.

### Differential reporting and reduced disclosure requirements

As a result of DLGSC simplifying financial reporting requirements in 2022-23 we have noted a decrease in audit findings on assets. The simplification of reporting requirements is consistent with what our Office has been advocating for and reporting on for some time. The change meant smaller entities are no longer required to comply with various disclosure requirements.

DLGSC removed the requirements for all entities to report information in their financial reports on fees and charges, discounts and some other items. A list of amendments is available on the DLGSC website<sup>10</sup>. DLGSC also moved some financial report disclosure requirements to annual report only disclosures, so these are not audited. All were important contributions to reduce the financial reporting burden on entities.

### The role of outsourcing in financial reporting

We continue to see entities outsource areas of their finance operating function to accounting firms. The outsourced work includes all areas of financial reporting, including preparation of reports, accounting policies, business valuations and everyday accounting such as preparation of monthly reconciliations and reporting to council. Outsourcing can be beneficial, as it allows entities to tap into a specialist skill set and helps overcome their resource constraints.

There are downsides of outsourcing. Our teams often find management are not sufficiently informed on their own accounting policies or areas of judgement within their financial report. Further, where outsourcing agreements do not include a transfer of knowledge to entity staff, there is a missed opportunity for local government staff development and upskilling. Audit teams are often left to conduct the audit with the assistance of the outsourced financial report provider with minimal entity involvement.

The key to a successful outsourcing arrangement is a strong management presence to connect the service providers, audit teams, operations and council. Early engagement, planning and close contract management are vital. Responsibility to provide information for audit rests with entities, this cannot be outsourced. Effective oversight ensures a smoother process with no surprises. It also contributes to lower audit costs and more timely reporting.

### Accounting standard changes

There are changes to AASB 13 *Fair Value Measurement* impacting entities in 2024-25 for the first time. These changes are significant for the sector. The updated standard confirms an asset's current use is presumed to be the highest and best use unless its sale or an alternative use is highly probable<sup>11</sup>. Valuations of restricted use land should therefore generally discount the value of the land for the current use restrictions in place.

The updated AASB 13 also clarifies the costs to be considered when measuring fair value under the cost approach, which is frequently used to value infrastructure (e.g. roads) as these are not actively bought and sold in an open marketplace. The standard confirms 'once-off' costs, such as professional and project management fees, should be included in the calculation of replacement cost when it is reasonable to do so. The changes help ensure consistency in the measurement of fair value for not-for-profit public sector entities.

<sup>10</sup> Department of Local Government, Sport and Cultural Industries, [Local Government Regulations Amendment Regulations 2023](#), DLGSC website, 13 July 2023.

<sup>11</sup> To be highly probable, the alternative use needs to be physically possible, legally permissible and financially feasible. This also requires that management must be committed to the alternative use with an implementation plan in place and relevant approvals for change in use of the asset.

As previously indicated, DLGSC is currently working on a valuation guide which should include these requirements. In the interim, the DLGSC released a LG Alert in July 2023<sup>12</sup> addressing the changes required by AASB 13.

## The role of outsourcing in delivering OAG audits

The outsourcing of audits is critical to the operation of our office. It has many benefits including to meet periods of peak demand and provide access to specialist skills found in the private sector. Outsourcing is common practice across jurisdictions, both within and outside Australia. It also allows us a unique opportunity to benchmark our audit quality and efficiency with private audit firms.

We maintain oversight of our contract audit firms, reviewing their audit files including key audit judgements to maintain a high level of quality and consistency across the sector. We also engage with entities throughout the audit process including attending key meetings. Entity opinions are signed by our office and are included as part of our whole of sector reporting, such as this report.

The number of audits we outsource has increased in recent years. This is due in part to a tight labour market which makes it difficult to attract and retain audit talent. This year we outsourced additional audits to increase capacity while we rolled out our new methodology and audit tool across all of our audits. For 2023-24, we outsourced 92% of local government entities. Over the next five years we plan to progressively increase the number of local government sector audits we conduct in-house to reach our outsourcing target of 80%.

## Future audits

With the growing prevalence and availability of AI (artificial intelligence) and analytics tools, we are investigating new tools and techniques to assist with our audits. We approach these opportunities in a balanced way to gain benefits with minimal risk.

Our internal Strategic Business Intelligence team is working in unison with our audit teams to trial new techniques and products. Successful trials will be considered for rollout across our audits in future years. Before we implement the use of AI or AI based audit tools, we consider the implications on data integrity and data security, continuing to ensure any data we receive from entities is securely dealt with.

We expect to gain efficiencies in this space to assist with containing audit costs. We will share our insights with the sector as they arise.

For AI to be used by entities, there must be an understanding of what will be generated by it and how that information is planned to be used (e.g. for key decision making). If the use of AI will be generating or influencing information we ultimately need to audit, an appropriate evidential and auditable trail will need to be retained. There are also relevant security of information aspects to consider. We recommend entities liaise with the OAG, preferably before using AI, to clarify planned use, controls instituted around its use, implications for the entity and the audit process.

## Timely communication of audit fees

In late 2023 we deferred the completion of tenders for outsourced audits to enable us to focus on outstanding local government financial audits. This was important to enable us to sign-off as many entities audit reports as possible by the end of 2023. We acknowledge the unintended consequence of this decision was significantly delayed timing of our 2023-24

<sup>12</sup> Department of Local Government, Sport and Cultural Industries, [Fair Value Measurement of Non-Financial Assets for local governments](#), DLGSC website, 23 July 2023.

indicative fee notifications that did not give entities sufficient time to implement initiatives to mitigate the impact of the increases. In hindsight we realise we should have communicated to entities the timing of fee communication as well as anticipated fee impact earlier.

In September 2024, the Auditor General, accompanied by various OAG representatives, appeared before the Legislative Council's Standing Committee on Estimates and Financial Operations (EFOC) on the matter of audit fees and other aspects of OAG operations. EFOC took this opportunity to express concerns raised on various matters regarding local government audit fees<sup>13</sup>. This was an important exercise in accountability for the Auditor General and OAG.

This process provided us with valuable feedback and highlighted the need for timeliness and additional transparency with our fee communication. In response we developed an infographic<sup>14</sup> (Appendix 11) on how we set and benchmark our audit fees.

We are committed to completing our tender processes in December each year and complete our audit risk assessment analysis at the completion of each year's audit with the intention to have the fee setting process finalised by 31 March each year.

As a cost recovery agency, our audit fee revenue must cover any difference between our appropriation funding from Parliament and the costs of running our office, therefore with increased costs we must increase our audit fees.

Audit fees reflect a variety of cost drivers:

- labour market pressures across the auditing profession as well as the public sector
- increasing audit contractor fees
- changes in auditing and accounting standards leading to increased audit effort
- audit readiness and ability of entity staff to handle audit queries
- complexity of issues being encountered at entities
- inflationary impact on general expenses including IT, travel and other supplies.






We are committed to driving efficiencies in our processes wherever possible. For our contract audits we use market pressures of tendering to encourage competitive audit fees, and we are seeking efficiencies through tightly focussed audit planning using our new audit methodology for in-house audits. However, we do anticipate cost pressures to continue in the near to medium term.




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<sup>13</sup> A broadcast of this consultation is available on the Parliament of Western Australia website, [Estimates and Financial Operations Committee Consultation with the Auditor General](#), 23 November 2022.

<sup>14</sup> Office of the Auditor General, [Information on local government fees](#), OAG website, December 2024.





















## Appendix 1: Status and timeliness of audits

Type of audit opinion	
Clear (unmodified)	
Clear opinion with emphasis of matter or matter of significance paragraph	
Material uncertainty related to going concern	
Qualified or a disclaimer of opinion	
Qualified opinion with an emphasis of matter or matter of significance paragraph	

Financial report timeliness – audit ready submissions*	
Received financial report by statutory deadline of 30 September 2024 and assessed audit ready	
Received an extension from DLGSC to the statutory deadline and met this extension with audit ready financial report	
Extension or statutory deadline was not met with audit ready financial report	

\* Financial report initially provided may not be of a quality that is audit ready. The icon in the table below reflects the date we assessed the financial report as audit ready.

Entities listed in alphabetical order with opinion type, opinion date and audit ready financial report submission status.

	Entity	Band	Type of opinion	Opinion issued	Audit ready submission of financial report*
1	Bunbury-Harvey Regional Council	Other		05/12/2024	
2	Catalina Regional Council	Other		30/09/2024	
3	City of Albany	1		11/12/2024	
4	City of Armadale	1		13/12/2024	
5	City of Bayswater	1		02/12/2024	
6	City of Belmont	1		28/11/2024	
7	City of Bunbury	1		19/11/2024	
8	City of Busselton	1		08/11/2024	
9	City of Canning	1		06/12/2024	
10	City of Cockburn	1		05/12/2024	

	Entity	Band	Type of opinion	Opinion issued	Audit ready submission of financial report*
11	City of Fremantle	1	✓	03/12/2024	🕒
12	City of Gosnells	1	✓	04/12/2024	🕒
13	City of Joondalup	1	✓	19/11/2024	🕒
14	City of Kalamunda	2	✓	08/11/2024	🕒
15	City of Kalgoorlie-Boulder	1	✓	10/12/2024	🕒
16	City of Karratha	1	✓	13/12/2024	🕒
17	City of Kwinana	1	✓	04/12/2024	🕒
18	City of Mandurah	1	✓	10/12/2024	🕒
19	City of Melville	1	✓	04/12/2024	🕒
20	City of Perth	1	✓	28/11/2024	🕒
21	City of Rockingham	1	✓	29/10/2024	🕒
22	City of South Perth	2	✓	12/11/2024	🕒
23	City of Stirling	1	✓	17/12/2024	🕒
24	City of Subiaco	2	✓	13/11/2024	🕒
25	City of Swan	1	✓	19/11/2024	🕒
26	City of Vincent	2	✓	18/11/2024	🕒
27	City of Wanneroo	1	✓	26/11/2024	🕒
28	Eastern Metropolitan Regional Council	Other	✓	09/10/2024	🕒
29	Mindarie Regional Council	Other	✓	14/11/2024	🕒
30	Murchison Regional Vermin Council	Other	✓	18/12/2024	🕒
31	Resource Recovery Group	Other	✓	25/11/2024	🕒
32	Rivers Regional Council	Other	✓	11/12/2024	🕒
33	Shire of Ashburton	2	✓	06/12/2024	🕒
34	Shire of Augusta-Margaret River	2	✓	12/11/2024	🕒
35	Shire of Beverley	4	✓	01/11/2024	🕒
36	Shire of Boddington	4	✓	06/12/2024	🕒
37	Shire of Boyup Brook	4	✗	19/12/2024	🕒



	Entity	Band	Type of opinion	Opinion issued	Audit ready submission of financial report*
38	Shire of Brookton	4	✓	09/12/2024	🕒
39	Shire of Broome	2	✓	09/12/2024	🕒
40	Shire of Broomehill-Tambellup	4	✓	12/12/2024	🕒
41	Shire of Bruce Rock	4	✓	18/12/2024	🕒
42	Shire of Capel	3	✓	29/11/2024	🕒
43	Shire of Carnamah	4	✓	09/12/2024	🕒
44	Shire of Carnarvon	2	✓	11/12/2024	🕒
45	Shire of Chapman Valley	4	✓	10/12/2024	🕒
46	Shire of Chittering	3	✓	11/12/2024	🕒
47	Shire of Christmas Island	3	✓	02/12/2024	🕒
48	Shire of Cocos (Keeling) Islands	4	✓	23/12/2024	🕒
49	Shire of Coorow	4	✓	05/12/2024	🕒
50	Shire of Corrigin	4	✓	18/12/2024	🕒
51	Shire of Cranbrook	4	✓	16/10/2024	🕒
52	Shire of Cuballing	4	✓	13/12/2024	🕒
53	Shire of Cue	4	✓	04/12/2024	🕒
54	Shire of Cunderdin	4	✓	05/12/2024	🕒
55	Shire of Dalwallinu	3	✓	21/11/2024	🕒
56	Shire of Dandaragan	3	✓	09/12/2024	🕒
57	Shire of Dardanup	3	✓	15/11/2024	🕒
58	Shire of Denmark	3	✓	18/10/2024	🕒
59	Shire of Derby-West Kimberley	2	✓	12/12/2024	🕒
60	Shire of Donnybrook Balingup	3	✓	20/11/2024	🕒
61	Shire of Dowerin	4	✓	14/11/2024	🕒
62	Shire of Dumbleyung	4	✓	28/11/2024	🕒
63	Shire of East Pilbara	2	✓	10/12/2024	🕒
64	Shire of Esperance	2	✓	31/10/2024	🕒



	Entity	Band	Type of opinion	Opinion issued	Audit ready submission of financial report*
65	Shire of Exmouth	3	✓	27/11/2024	🕒
66	Shire of Gingin	3	✓	20/11/2024	🕒
67	Shire of Gnowangerup	4	✓	15/11/2024	🕒
68	Shire of Goomalling	4	✗	12/12/2024	🕒
69	Shire of Harvey	2	✓	28/11/2024	🕒
70	Shire of Irwin	3	✓	19/12/2024	🕒
71	Shire of Jerramungup	4	✓	15/11/2024	🕒
72	Shire of Katanning	3	✓	17/12/2024	🕒
73	Shire of Kellerberrin	4	✓	05/12/2024	🕒
74	Shire of Kent	4	✗ ✓	16/12/2024	🕒
75	Shire of Kojonup	3	✓	20/12/2024	🕒
76	Shire of Kondinin	4	✓	06/12/2024	🕒
77	Shire of Koorda	4	✓	28/11/2024	🕒
78	Shire of Kulin	4	✓	06/12/2024	🕒
79	Shire of Lake Grace	4	✓	02/12/2024	🕒
80	Shire of Laverton	3	✓	06/12/2024	🕒
81	Shire of Leonora	3	✓	05/12/2024	🕒
82	Shire of Manjimup	2	✓	20/11/2024	🕒
83	Shire of Meekatharra	3	✓	04/12/2024	🕒
84	Shire of Menzies	4	✓	06/11/2024	🕒
85	Shire of Merredin	3	✓	05/12/2024	🕒
86	Shire of Mingenew	4	✓	06/12/2024	🕒
87	Shire of Moora	3	✓	19/12/2024	🕒
88	Shire of Morawa	4	✓	02/12/2024	🕒
89	Shire of Mount Magnet	4	✗ ✓	25/11/2024	🕒
90	Shire of Mount Marshall	4	✓	11/12/2024	🕒
91	Shire of Mukinbudin	4	✓	18/12/2024	🕒

	Entity	Band	Type of opinion	Opinion issued	Audit ready submission of financial report*
92	Shire of Mundaring	2	✓	02/12/2024	🟢
93	Shire of Murchison	4	✓	28/11/2024	🟢
94	Shire of Murray	2	✓	04/12/2024	🟢
95	Shire of Narembeen	4	✓	05/12/2024	🟢
96	Shire of Narrogin	3	✓	22/11/2024	🔴
97	Shire of Ngaanyatjaraku	4	✓	10/12/2024	🟢
98	Shire of Northam	2	✓	04/12/2024	🔴
99	Shire of Northampton	3	✓	13/12/2024	🔴
100	Shire of Nungarin	4	✓	11/12/2024	🟢
101	Shire of Peppermint Grove	4	✓	29/11/2024	🟢
102	Shire of Perenjori	4	✓	05/12/2024	🟢
103	Shire of Pingelly	4	✓	27/11/2024	🟢
104	Shire of Plantagenet	3	✓	11/12/2024	🟢
105	Shire of Quairading	4	✓	04/12/2024	🔴
106	Shire of Ravensthorpe	3	✓	09/12/2024	🟢
107	Shire of Sandstone	4	✓	17/12/2024	🟢
108	Shire of Serpentine-Jarrahdale	2	✓	18/12/2024	🟢
109	Shire of Shark Bay	4	✓	13/12/2024	🟢
110	Shire of Tammin	4	✓	12/12/2024	🔴
111	Shire of Three Springs	4	✓	05/12/2024	🟢
112	Shire of Trayning	4	✓	13/12/2024	🟢
113	Shire of Upper Gascoyne	4	✓	19/12/2024	🟢
114	Shire of Victoria Plains	4	✓	28/12/2024	🟢
115	Shire of Wagin	4	✓	18/11/2024	🟢
116	Shire of Wandering	4	✓	11/12/2024	🟢
117	Shire of Waroona	3	✓	02/12/2024	🟢
118	Shire of West Arthur	4	✓	06/12/2024	🟢

	Entity	Band	Type of opinion	Opinion issued	Audit ready submission of financial report*
119	Shire of Westonia	4	✗	18/12/2024	🔴
120	Shire of Williams	4	✓	5/12/2024	🟢
121	Shire of Wiluna	4	✓	17/12/2024	🟢
122	Shire of Wongan-Ballidu	4	✓	29/11/2024	🔴
123	Shire of Woodanilling	4	✓	11/11/2024	🟢
124	Shire of Wyalkatchem	4	✓	25/11/2024	🔴
125	Shire of Wyndham-East Kimberley	2	✓	6/12/2024	🟢
126	Shire of Yilgarn	3	✓	13/12/2024	🟢
127	Shire of York	3	✓	13/12/2024	🟢
128	Town of Bassendean	3	✓	11/12/2024	🟢
129	Town of Cambridge	2	✓	18/12/2024	🔴
130	Town of Claremont	3	✓	09/12/2024	🟢
131	Town of East Fremantle	3	✓	06/12/2024	🟢
132	Town of Mosman Park	3	✓	09/12/2024	🟢
133	Town of Port Hedland	1	✗	16/12/2024	🟢
134	Town of Victoria Park	2	✓	11/12/2024	🟢
135	Western Metropolitan Regional Council	Other	✓	18/10/2024	🟢

Source: OAG

### Opinion type by entity band allocations

Band of entity	Number of entities	Opinions issued	Clean opinions	Qualifications or other modifications	Opinions including EoM paragraphs
Band 1	23 (23)	22 (23)	21 (22)	1 (1)	4 (6)
Band 2	21 (21)	20 (21)	20 (20)	0 (1)	4 (4)
Band 3	35 (35)	29 (35)	29 (31)	0 (4)	4 (3)
Band 4	60 (60)	56 (59)	51 (51)	5 (8)	5 (3)
Other (e.g. councils)	8 (8)	8 (8)	7 (7)	1 (1)	1 (1)
Total	147 (147)	135 (146)	128 (131)	7 (15)	18 (17)

Source: OAG

Notes: 2022-23 numbers included in brackets.

## Appendix 2: Entities who received an extension from DLGSC to submit their financial report after the 30 September legislated deadline

Entity	Extension date
City of Nedlands	9 December 2024
Shire of Bridgetown-Greenbushes	31 October 2024
Shire of Collie	31 October 2024 31 March 2025
Shire of Donnybrook Balingup	31 October 2024
Shire of Dundas	23 October 2024
Shire of Gnowangerup	18 October 2024
City of Greater Geraldton	31 January 2025
Shire of Halls Creek	28 February 2025
Shire of Kojonup	31 October 2024
Shire of Merredin	14 October 2024
Shire of Narrogin	21 October 2024
Shire of Northampton	25 October 2024
Shire of Quairading	4 October 2024
Shire of Toodyay	31 October 2024
Shire of Wickepin	11 October 2024
Shire of Wongan-Ballidu	18 October 2024
Town of Cottesloe	31 October 2024

Source: DLGSC

## Appendix 3: Outstanding audits at 31 December 2024<sup>15</sup>

Entity	Balance date	Reason for delay
<b>City of Greater Geraldton</b>	30 June 2024	The City changed their financial system during the year and due to data migration complexities the City requested an extension to 31 January 2025 from DLGSC to submit their financial report. The audit was completed on 28 March 2025.
<b>City of Nedlands</b>	30 June 2024	The City requested an extension from DLGSC to provide their financial report to the auditors on 9 December 2024. This was due to time needed to address the matters giving rise to the disclaimer of opinion in 2022-23. We are expecting to sign this audit in the first half of 2025.
<b>Shire of Bridgetown-Greenbushes</b>	30 June 2024	The Shire had staffing issues which meant that although they produced financial statements, certain areas were found to be incorrect. The audit was put on pause to enable these areas to be corrected. The audit was completed on 4 April 2025.
<b>Shire of Collie</b>	30 June 2024	The Shire had staffing issues which meant they were unable to produce financial statements by 30 September 2024. Consequently the Shire requested an extension from DLGSC to provide their financial report to the auditors on 31 December 2024. We are expecting to sign this audit in the first half of 2025.
<b>Shire of Coolgardie</b>	30 June 2024	The Shire requested the audit be put on pause until early 2025 to provide them time to provide outstanding audit information. This extension was due to staff changes at the executive level and to allow the Shire to address other urgent operational matters. The audit has recommenced with expected sign-off in May 2025.
<b>Shire of Dundas</b>	30 June 2024	The audit was delayed due to challenges related to the acquisition of a local business during the financial year and staffing issues due to the remote location. The audit was completed on 9 April 2025.
<b>Shire of Halls Creek</b>	30 June 2024	The 2023 audit was not completed until late April 2024. The Shire obtained an extension for provision of the financial report to 28 February 2025 and met this deadline. The 2024 audit has since commenced.
<b>Shire of Nannup</b>	30 June 2024	Our audit of the revaluation completed during the year identified that some assets were missed. The Shire chose to arrange for a new valuation resulting in a need to pause the audit while this occurred. The audit was completed on 4 February 2025.
<b>Shire of Toodyay</b>	30 June 2024	As evidenced in the previous three audits, the Shire continued to lack the ability to undertake and provide the required information for audit purposes in a timely manner, causing significant audit delays. The audit is expected to be completed in the first half of 2025.

<sup>15</sup> Date of report cut-off.

Entity	Balance date	Reason for delay
<b>Shire of Wickepin</b>	30 June 2024	On review of the infrastructure revaluation completed during the year it was noted that an asset class was missed. The Shire requested the audit be put on pause while they arranged a new valuation. The audit was completed on 14 February 2025.
<b>Shire of Yalgoo</b>	30 June 2023 and 30 June 2024	These audits have been delayed due in part to the 30 June 2022 audit only being completed in May 2024. There have been continued delays in the provision of outstanding audit information required from management to finalise the audits of both years. These audits are expected to be signed off in the first half of 2025.
<b>Town of Cottesloe</b>	30 June 2024	On review of a fair value valuation, there were queries around a 2022/23 valuation which required the Town to revert to their valuer, requiring the audit be put on pause until January 2025 to facilitate this. The audit was completed on 14 February 2025.

Source: OAG

## Appendix 4: 2023-24 Qualified opinions

Entity	Details of qualification
<b>Shire of Boyup Brook</b>	<b>Biological assets</b> We were unable to obtain sufficient and appropriate audit evidence for biological assets, as disclosed in note 7 in the financial statements, as the Shire did not provide us with adequate information to support the year-end stocktake of biological assets or the movements of biological assets during the year. We could not confirm biological assets by alternative means. Consequently, we were unable to determine whether any adjustments to the biological assets reported at a carrying value of \$158,702 or the net result for 30 June 2024 were necessary.
<b>Shire of Goomalling</b>	<b>Infrastructure</b> The opinion in the prior year was qualified because infrastructure asset classes of roads, drainage and footpaths as disclosed in note 8(a) of the financial report as at 30 June 2023 with the carrying values of \$40,811,938, \$2,153,484 and \$770,060 respectively, had not been revalued as required by the regulations. The Shire was unable to correct these prior year figures in the current year. Consequently, the opinion on the current year financial report is also modified because of the possible effects of this matter on the comparability of the current period's figures and the corresponding figures.
<b>Shire of Kent</b>	<b>Infrastructure</b> The opinion in the prior year was qualified because other infrastructure assets as disclosed in note 9(a) of the financial report as at 30 June 2023 with a carrying value of \$4,867,091 had not been revalued as required by the regulations. The Shire was unable to correct these prior year figures in the current year. Consequently, the opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.
<b>Shire of Mount Magnet</b>	<b>Infrastructure</b> The opinion in the prior year was qualified because other infrastructure asset classes of parks and gardens, aerodromes and other reported at the carrying values of \$862,215, \$2,787,963 and \$4,584,744 respectively as at 30 June 2023, had not been revalued as required by the regulations. The Shire was unable to correct these prior year figures in the current year. Consequently, the opinion on the current year financial report is modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures in note 9 of the financial report.
<b>Shire of Westonia</b>	<b>Infrastructure</b> The opinion in the prior year was qualified because Infrastructure assets as disclosed in note 9(a) of the financial report as at 30 June 2023 with a carrying value of \$43,562,879 had not been revalued as required by the regulations. The Shire was unable to correct these prior year figures in the current year. Consequently, the opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.
<b>Town of Port Hedland</b>	<b>Infrastructure assets valuations</b> The Town did not recognise 670 (2023:797) infrastructure assets with a value of \$17,371,521 (2023: \$25,112,117) in accordance with the Regulation 17A(2)(a) of the Local Government Financial Management Regulations 1996, as these assets could not be located due to weaknesses in the asset management system. The assets were instead adjusted to a nil carrying value while still being in use and accounted for in the asset register. We were unable to determine the impact on the net carrying amount of infrastructure assets and the consequential impact on retained earnings, revaluation reserves, depreciation and net surplus

Entity	Details of qualification
	<p>for the year, as it is impracticable to do so. In addition, the opinion in the prior year was qualified because drainage and other infrastructure assets, reported at a carrying value of \$33,243,203 and \$47,582,860 as at 30 June 2023 respectively in note 9 to the financial statements, were not all revalued as required by the regulations. The Town was unable to correct these prior year figures in the current year. Consequently, the opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.</p> <p><b>Investment property</b></p> <p>The opinion in the prior year was qualified because investment property as disclosed in note 12 of the financial report as at 30 June 2023 with the carrying value of \$45,027,262 had not been revalued as required by the regulations. The Town was unable to correct these prior year figures in the current year. Consequently, The opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.</p>

Source: OAG



## Appendix 5: Prior year qualifications and disclaimers removed in 2023-24

Entity	Details of qualification or disclaimer
<b>Shire of Katanning</b>	<p><b>Qualification - Infrastructure</b></p> <p>Infrastructure amounting to \$159,205,524 in the statement of financial position as at 30 June 2023 has not been revalued with sufficient regularity, as required by Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 since 2017-18. Consequently, we were unable to determine the extent to which the carrying amount of Infrastructure is misstated, as it was impracticable to do so. Additionally, we are unable to determine whether there may be any consequential impact on the revaluation surplus as at 30 June 2023.</p> <p><b>Qualification - Buildings</b></p> <p>The buildings depreciation expense of \$1,016,090 reported in note 7(a) of the financial report for year ended 30 June 2023 did not reflect the expected pattern of the future economic benefits of these assets. The Shire did not update rates of depreciation for the year ended 30 June 2023. If the Shire had updated the rates, buildings depreciation would have increased by \$1,259,134. Buildings and retained surplus at 30 June 2023 would have decreased by \$1,259,134 and the net result for the period would have decreased by \$1,259,134.</p>
<b>Shire of Plantagenet</b>	<p><b>Qualification - Other Infrastructure and Parks and Oval – Comparability of Prior Period Figures</b></p> <p>The opinion in the prior year was qualified because the Shire did not value the 71 newly identified assets included under other infrastructure and parks and ovals at fair value in accordance with Regulation 17A(2)(a) of the Local Government (Financial Management) Regulations 1996. Other infrastructure and infrastructure - parks and ovals balances were reported in note 9(a) of the financial report at \$16,954,536 and \$6,792,411 respectively as at 30 June 2022. The Shire was unable to make the appropriate corrections for these prior year figures in the current year.</p> <p>Consequently, the opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures in note 9(a) of the financial report.</p>
<b>Shire of Wiluna</b>	<p><b>Qualification - Airport and Other Infrastructure Assets</b></p> <p>We qualified the revaluations of the Shire's airport and other infrastructure assets stated at \$5,353,146 and \$2,284,337 respectively in the prior year because they were not supported with appropriate and complete accounting records. The Shire has not made the appropriate corrections for these prior year figures in the current year. Consequently, the opinion on the current year financial report is modified because of the possible effect of this matter on the comparability of the current period's airport and Infrastructure figures in note 9 (a) and the corresponding figures of the financial report.</p>
<b>Shire of Woodanilling</b>	<p><b>Qualification - Building assets</b></p> <p>We qualified building assets stated at \$4,942,954 in the prior year because the Shire had not revalued its building assets with sufficient regularity or in accordance with Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996. The Shire has not made the appropriate corrections for this prior year figure in the current year. Consequently, the opinion on the current year financial report is modified because of the possible effect of this matter on the comparability of the current period's building asset figure in note 9 and the corresponding figure of the financial report.</p>

Source: OAG

## Appendix 6: Emphasis of matter paragraphs included in auditor reports

Entity	Description of EoM paragraphs	Brief explanation
<b>City of Kalgoorlie-Boulder</b>	<b>Restatement of comparative balances</b> We draw attention to note 33 to the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The City conducted a comprehensive review of their land asset holdings and identified 36 lots of Crown land which had incorrectly been measured at fair value since 2022.
<b>City of Kwinana</b>	<b>Restatement of comparative balances</b> We draw attention to note 31 to the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The City identified \$12.5 million of developer contributed assets which had not been previously recognised in prior years.
<b>City of Melville</b>	<b>Events occurring after the end of the reporting period</b> We draw attention to note 21 to the financial report, which states that, following the end of the financial year ended 30 June 2024, the Council has resolved to extend the City's withdrawal from Resource Recovery Group by six months to 31 December 2025. The opinion is not modified in respect of this matter.	On 21 November 2023, the City resolved to withdraw from the Resource Recovery Group and all associated projects, effective 1 July 2025. On 17 September 2024, the City resolved to extend the withdrawal date to 31 December 2025.
<b>City of Wanneroo</b>	<b>Restatement of comparative balances</b> We draw attention to note 32 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The restatements relate to developer contribution plans, which had not been accounted for correctly.
<b>Rivers Regional Council</b>	<b>Basis of accounting</b> We draw attention to note 1 of the financial report, which discloses that the Council has decided to wind up Rivers Regional Council. Consequently, the financial report has been prepared on a liquidation basis. The opinion is not modified in respect of this matter.	The Council has decided to wind up Rivers Regional Council. Consequently, the financial report has been prepared on a liquidation basis as required under Accounting Standards. Accordingly, all assets and liabilities in the 2023-24 financial report have been classified as current.
<b>Shire of Broome</b>	<b>Restatement of comparative balances</b> We draw attention to note 29 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The Shire reviewed the accounting treatment of contributions from developers and noted certain projects and contribution types which should have been recognised as revenue in previous financial years.

Entity	Description of EoM paragraphs	Brief explanation
<b>Shire of Katanning</b>	<b>Restatement of comparative balances</b> We draw attention to note 26 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The 2022-23 financial report was qualified as infrastructure had not been revalued in line with regulatory timeframes and the buildings and depreciation charges were not accurately recognised. These matters were corrected in the 2023-24 and restated the 2022-23 financial report to accurately reflect the valuations.
<b>Shire of Kent</b>	<b>Restatement of comparative balances</b> We draw attention to note 28 to the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The Shire had incorrectly recognised fees collected on behalf of another agency as revenue and related payments as expenditure. The 2022-23 comparative balances were restated in the financial report to correct this.
<b>Shire of Mingenew</b>	<b>Restatement of comparative balances</b> We draw attention to note 29 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The Shire had incorrectly recognised fees collected on behalf of another agency as revenue and related payments as expenditure. The 2022-23 comparative balances in the financial report were restated to correct this.
<b>Shire of Moora</b>	<b>Restatement of comparative balances</b> We draw attention to note 29 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	In 2022-23, the Shire acquired the land, building and infrastructure of the Moora Tennis Clubhouse in exchange of support of its operation. The assets were not recognised in the financial report at that time. An external valuation has now been obtained, and a correction was processed with 2022-23 balances being restated in the financial report in the current year.  The Shire also received a fire truck from the Department of Fire and Emergency Services on 31 March 2022 as a grant at zero cost. The asset and related income was not recognised in 2022. A correction was processed, and the 2022-

Entity	Description of EoM paragraphs	Brief explanation
		23 balances have been restated in the 2023-24 financial report.
<b>Shire of Morawa</b>	<b>Restatement of comparative balances</b> We draw attention to note 30 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The Shire had incorrectly recognised fees collected on behalf of another agency as revenue and related payments as expenditure in their financial report. The 2022-23 comparative balances were restated in the 2023-24 financial report to correct this.
<b>Shire of Mount Magnet</b>	<b>Trade and other receivables</b> We draw attention to note 5 of the financial report which describes an amount of \$766,793 in the Shire's rates and statutory receivables that is subject to Supreme Court determination. The opinion is not modified in respect of this matter.	Some of the Shire's reported rate revenue and receivables includes amounts which were objected by a rate payer. The objection was upheld by the State Administrative Tribunal and is now subject to a Supreme Court determination. The Shire recognised these amounts in their financial report as they were confident at the time that the determination when made, would be made in the Shire's favour.
<b>Shire of Sandstone</b>	<b>Restatement of comparative balances</b> We draw attention to note 25 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The Shire had incorrectly recorded trust funds as shire monies. These balances were restated in the 2022-23 comparatives in the 2023-24 financial report.
<b>Shire of Serpentine-Jarrahdale</b>	<b>Restatement of comparative balances</b> We draw attention to note 34 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	Infrastructure assets previously gifted to the Shire as part of land subdivisions had not been recognised in the financial report. During the 2023-24 year the Shire has investigated and identified the assets they believe to have been missed and these have been subsequently recognised in the financial report.
<b>Shire of Yilgarn</b>	<b>Restatement of comparative balances</b> We draw attention to note 29 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as	Subsequent to a revaluation in 2021-22, infrastructure assets had been moved to different categories and depreciation inconsistently applied. This

Entity	Description of EoM paragraphs	Brief explanation
	comparatives in this financial report. The opinion is not modified in respect of this matter.	\$293,542 error was found and corrected in the \$457 million infrastructure balance in the 2023-24 financial report.
<b>Town of Cambridge</b>	<b>Restatement of comparative balances</b> We draw attention to note 32 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The Town conducted a review of their asset data and identified infrastructure assets which were not included in the 2022-23 revaluation. An updated valuation was received and the 2022-23 balances have been restated the 2023-24 financial report.
<b>Town of East Fremantle</b>	<b>Events occurring after the end of the reporting period - adjusting event</b> We draw attention to note 23 to the financial report, which states that, following the end of the financial year ended 30 June 2024, a deed of settlement and release was executed between the Council and the Resource Recovery Group (RRG) with respect to the Town's withdrawal from the RRG and provided the Town a full release from any further obligations in exchange for a settlement sum. The opinion is not modified in respect of this matter.	On 20 June 2023 the Town resolved to withdraw from the Resource Recovery Group and all associated projects, effective 1 July 2024. A deed of settlement was executed on 22 August 2024 to release the Town from its interest in and obligations to the Resource Recovery Group.
<b>Town of Victoria Park</b>	<b>Restatement of comparative balances</b> We draw attention to note 30 to the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The Town identified capital works projects that resulted in new and upgraded assets which had not been added to the fixed asset register when the project was completed.  Additionally, there were prior year balances in the Town's works-in-progress account that were no longer considered capital in nature and required to be expensed. The 2022-23 figures were restated in the 2023-24 financial report.

Source: OAG

Appendix 7: Material uncertainty related to going concern

Entity	Details of material uncertainty
Resource Recovery Group	<p><b>Material Uncertainty Related to Going Concern</b></p> <p>I draw attention to note 1 in the financial report, which indicates that the Group incurred a net loss of \$2.48 million during the year ended 30 June 2024 and that the Council has commenced a restructuring process. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The audit opinion is not modified in respect of this matter.</p>

Source: OAG

## Appendix 8: Local government certifications issued since November 2024

### Certifications issued for 2023-24

Entity and opinion	Opinion issued
<b>City of Bayswater</b> Local Roads and Community Infrastructure Program	19 December 2024
<b>City of Busselton</b> Local Roads and Community Infrastructure Program Roads to Recovery Funding Pensioner Deferments	5 February 2025 13 December 2024 4 December 2024
<b>City of Gosnells</b> Pensioner Deferments	25 November 2024
<b>City of Joondalup</b> Pensioner Deferments	22 November 2024
<b>City of South Perth</b> Pensioner Deferments	29 November 2024
<b>City of Vincent</b> Pensioner Deferments	2 December 2024
<b>Town of East Fremantle</b> Pensioner Deferments	19 December 2024

Source: OAG

### Outstanding certifications issued from 2021-22

Entity and opinion	Opinion issued
<b>Shire of Derby-West Kimberley</b> Local Roads and Community Infrastructure Program	13 December 2024
<b>Shire of Quairading</b> Local Roads and Community Infrastructure Program	08 April 2025
<b>Shire of York</b> Roads to Recovery Funding	19 December 2024
<b>Town of Port Hedland</b> Roads to Recovery Funding	11 April 2025

Source: OAG

### Outstanding certifications issued from 2019-20

Entity and opinion	Opinion issued
<b>Town of Port Hedland</b> Roads to Recovery Funding	11 April 2025

Source: OAG

The cut-off date for this appendix is 15 April 2025.

Appendix 9: Other local government opinions issued since 31 December 2024

Entity	Opinion issued
City of Greater Geraldton	28 March 2025
Shire of Bridgetown-Greenbushes	4 April 2025
Shire of Dundas	9 April 2025
Shire of Nannup	4 February 2025
Shire of Wickepin	14 February 2025
Town of Cottesloe	14 February 2025

Source: OAG

Note: the cut-off date for this appendix is 15 April 2025.





## Appendix 10: Opinion and management letter definitions

In the auditor's report we include the audit opinion on the annual financial report and any other matters that, in our judgement, need to be highlighted. This year the Auditor General has issued the following types of opinions:

1. **clear opinion:** indicates satisfactory financial controls. The financial report is based on proper accounts, complies with relevant legislation and accounting standards, and fairly represents performance and financial position
2. **clear opinion with an EoM:** draws attention to a matter disclosed in the financial report to aid the readers understanding but does not result in a qualified opinion
3. **qualified opinion:** given when the audit identifies materially misleading information, inadequate controls or conflicts with the financial reporting frameworks.
4. **disclaimer of opinion:** the most serious audit outcome, issued when the auditor is unable to form an opinion due to insufficient evidence to form an opinion after all reasonable efforts.
5. We report weaknesses in the control environment to the CEO, mayor, president or chairperson and the Minister for Local Government. Findings will be rated as significant, moderate or minor. We also indicate if the finding has the potential to impact the audit opinion and if it relates to the prior year and remains unresolved. Both quantitative and qualitative aspects guide our ratings.


Risk category	Audit impact	Management action required
<b>Significant</b>	Findings where there is potentially a significant risk to the entity should it 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.	Priority or urgent action by management to correct the material misstatement in the financial report to avoid a qualified opinion or for control risks, implement a detailed action plan as soon as possible, within one to two months.
<b>Moderate</b>	Findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.	Control weaknesses of sufficient concern to warrant action being taken as soon as practicable, within three to six months.  If not addressed promptly, they may escalate to significant or high risk.
<b>Minor</b>	Those findings that are not of primary concern but still warrant action being taken.	Management to implement an action plan within six to 12 months to improve existing process or internal control.

Source: OAG

We give management the opportunity to review our audit findings and provide comments prior to completion of the audit. Each control finding is documented in a management letter which identifies weakness, implications for the entity, risk category and a recommended improvement action.


## Appendix 11: Information on local government fees and OAG tender procurement process

### What you get for your fees




#### Auditor's report

- ✓ High quality, independent financial audit opinion
- ✓ Fully compliant with auditing standards
- ✓ Entity specific findings and recommendations
- ✓ Comparable and consistent for LGs
- ✓ Annual LG sector results reports
- ✓ Provides assurance to Council, ratepayers and Parliament.



#### Capability development

- ✓ Financial statement preparation guidance
- ✓ Online audit readiness tool
- ✓ Liaison – WALGA, LG Professionals, DLGSC – meetings, webinars and presentations
- ✓ Advocacy on changes to financial governance practices, legislation and standards resulting in cost savings.



#### Funded by Parliament

- ✓ Performance audits
- ✓ Information systems audits (application audits)
- ✓ Better practice guidance, e.g.
  - Physical Security of Server Assets
  - Management of Credit Cards
  - Fraud Risk Management
- ✓ Audit Committee Chair forum.

### How much have fees changed?


Audit report delivery year 2024-25							
Band	Average fee	Median fee	Average increase	Average increase	Median increase	Median increase	Range
1	\$116,690	\$108,600	\$14,290	15%	\$12,910	10%	\$79,000 - \$198,702
2	\$85,276	\$94,600	\$9,571	15%	\$9,500	10%	\$40,500 - \$150,200
3	\$56,890	\$48,000	\$8,935	21%	\$8,410	21%	\$29,000 - \$108,350
4	\$41,962	\$39,500	\$8,247	26%	\$8,385	25%	\$29,600 - \$75,300
Regional Councils	\$48,275	\$32,850	\$4,731	14%	\$3,775	10%	\$26,200 - \$137,500

### How do we compare?

Cost to deliver LG audit reports		
Year	WA average	National average
2022-23	\$62,750	\$69,619
2023-24	\$71,240	\$91,252

### Why have fees changed?

92% of LG audits are contracted and two thirds of those are affected by increased prices from Contract Audit Firms (CAFs) in 2024.



Two-thirds of sector affected in 2024

#### CAF extensions

- CAF extension quotes received (years 4 and 5 of existing contracts)\*

Increase range	Increase range	Average	Median
2% - 116%	\$500 - \$51,593	38%	59%


- CAF extension quotes accepted by OAG\*

Increase range	Increase range	Average	Median
2% - 48%	\$500 - \$35,969	25%	27%

#### CAF tenders (approach to market after 5 years)

Range	Range	Average	Median
(20%) - 97%	(\$7,500) - \$23,111	23%	19%

\* Increase from prior year.



#### Factors affecting all audits

- ✓ Changes in auditing standards, including IT risks
- ✓ Professional wage inflation.
- ✓ Fuller cost recovery (direct + overhead costs)
- ✓ Levels of audit effort related to audit readiness and complexity.

### What are we doing about audit fees?

- ✓ Market testing every 3-5 years, approaching up to 10 CAFs per LG
- ✓ Rejecting and retendering unacceptable CAF increases
- ✓ Gaining efficiencies with new OAG audit tool and methodology
- ✓ Continuing advocacy for streamlined reporting and minimising compliance duplication
- ✓ Better consulting with entities as part of the extension quote and tender process
- ✓ Providing earlier advice on indicative fees
- ✓ Seeking to bring more audits in-house as labour constraints ease
- ✓ Continuing to seek feedback from WALGA, LG Professionals, LGs and Parliament on what we can do better.

Source: OAG



## Understanding the OAG tender procurement process

- 21 audit firms on pre-accredited list, eligibility assessed on capability to audit small, medium, large, complex entities. 16 firms are currently actively engaged with OAG.
- For each audit, we prepare an information pack and typically invite between 5 and 10 contract audit firms (CAFs) to submit tenders.
- CAFs submit tender incorporating qualitative and quantitative considerations - including their understanding of the entity, audit risks, resources/skill mix, timing and cost.
- Convene tender evaluation panel of 2 senior OAG staff.
- Each panel member independently evaluates submissions for qualitative aspects first.
- Assess qualitative and quantitative factors of each CAF's tender submission to support a recommendation.
- Recommendations may be moderated to manage risks of firm capacity and OAG over-reliance across entire audit portfolio.
- AAG-FA and Deputy make recommendations to AG who has final approval.
- Typically award initial contract for 3 years, with up to 2 year extension option.
- If no tender submissions are received for an entity, we have the option to put the audit back out to tender and invite different firms, or appoint a firm directly under the Auditor General Act.



## Understanding the OAG contract procurement extension process

- Seek quote from CAFs for up to 2 years following the conclusion of their initial 3 year term.
- OAG engagement leader assesses quote for reasonableness.
- If deemed reasonable then accept, may seek entity input.
- If not reasonable, audit is re-tendered.
- If audit is re-tendered, entity to be notified and commence tender process.

### Pre-accredited Contract Audit Firms (CAFs)

BDO Audit (WA) Pty Ltd	William Buck (WA) Pty Ltd	AMD Audit & Assurance Pty Ltd
Deloitte	Crowe	HLB Mann Judd
Ernst & Young	Stantons International	Lincolns
Grant Thornton Australia Ltd	Pitcher Partners BA & A Pty Ltd	Macri Partners
KPMG	Nexia Perth Audit Services Pty Ltd	Armada Audit Services Pty Ltd
Price Waterhouse Coopers	Moore Australia Audit (WA)	Francis A Jones
RSM Australia Pty Ltd	Dry Kirkness	SW Audit

Source: OAG

**Auditor General's 2024-25 reports**

Number	Title	Date tabled
12	Local Government 2023-24 – Financial Audit Results	24 April 2025
11	Local Government 2023-24 – Information Systems Audit Results	11 April 2025
10	Fraud Risks in the WA Greyhound Racing Association	11 April 2025
9	Child Protection Case Management System – Assist	21 March 2025
8	Universities and TAFEs 2023 – Financial Audit Results	5 December 2024
7	WA Student Assistance Payment – Controls Review	27 November 2024
6	Provision of Additional Information to the Standing Committee on Estimates and Financial Operations – Opinions on Ministerial Notifications	22 November 2024
5	Implementation of the Aboriginal Procurement Policy	21 November 2024
4	Quality and Utilisation of Emergency Department Data	20 November 2024
3	Management of State Agreements	30 October 2024
2	Legislative Reform Priorities and Timeframes – Opinion on Ministerial Notification	19 August 2024
1	Supplier Master Files – Better Practice Guide	1 August 2024

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Office of the Auditor General  
for Western Australia

## 11.1.2 (2025/MINUTE NO 0020) Performance Audit - Local Government Management of Purchasing Cards - Larger Metropolitan Entities

**Author(s)** Service Manager Strategic Finance

**Attachments** 1. Local Government Management of Purchasing Cards - Larger Metropolitan Entities [↓](#)

### Officer Recommendation

The Committee recommends Council:

- (1) RECEIVES the Office of the Auditor General's report on Performance Audit – Local Government Management of Purchasing Cards – Larger Metropolitan Entities;
- (2) REPORTS the matters set out in this report to the Minister for Local Government; and
- (3) PUBLISHES this report on its website.

### Committee Recommendation

MOVED Cr C Reeve-Fowkes SECONDED Deputy Mayor C Stone

That Council:

- (1) RECEIVES the Office of the Auditor General's report on Performance Audit – Local Government Management of Purchasing Cards – Larger Metropolitan Entities;
- (2) REPORTS the matters set out in this report to the Minister for Local Government;
- (3) PUBLISHES this report on its website; and
- (4) REQUESTS a report be presented to the next Audit Risk and Compliance Committee Meeting regarding implementation of the findings of the City's credit and purchasing cards internal audit.

**CARRIED 6/0**

### Background

The Office of the Auditor General (OAG) published 26 Audit Reports during the 2024-25 financial year, including eight OAG Performance Audit Reports focussed on Local Government.

These included Local Government Management of Purchasing Cards – Larger Metropolitan Entities (Report 17: 2024-25) Performance Audit. City of Cockburn was nominated to participate in this performance audit which ran from December 2024 to May 2025.



The term 'performance audit' is defined in section 7.1 of the *Local Government Act 1995* to be 'an examination or investigation carried out under the *Auditor General Act 2006* section 18 (as applied by section 7.12AJ(1) of the *Local Government Act 1995*).

The City of Cockburn (the City) presented reports to the former Audit and Strategic Finance Committee from two previous OAG Performance Audits in which the City participated:

1. Timely Payment of Suppliers, Report 12: 2018, 13 June 2017
2. Records Management in Local Government, Report 17: 2018-19, 09 April 2019

To ensure the City adopts best practice in local government, when a performance audit or report with a local government focus is undertaken by the OAG, the City independently submits a report to the Audit, Risk and Compliance Committee (ARC) to inform the ARC on the OAG Audit or report recommendations and any appropriate control measures that the City has in place or proposes implementing as opportunities for improvement.

### **Submission**

N/A

### **Report**

The Performance Audit – Local Government Management of Purchasing Card (Report) was tabled in Parliament by the Auditor General on 28 May 2025.

The Audit assessed whether six metropolitan local government entities effectively managed the issue, use and cancellation of purchasing cards.

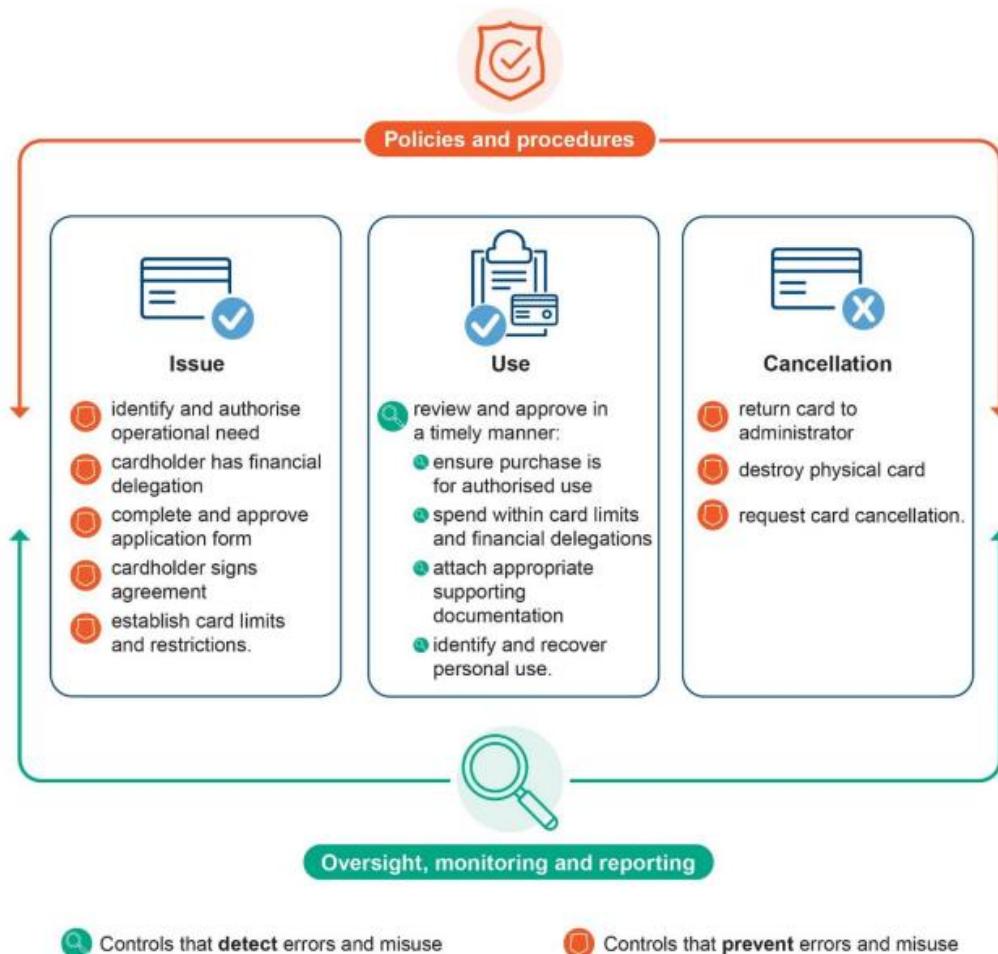
The nominated metropolitan local government entities are:

- City of Cockburn
- City of Fremantle
- City of Melville
- City of Perth
- City of Subiaco
- Town of Victoria Park.

The OAG found gaps and weaknesses in all areas of purchasing card management at these entities. However, there was no evidence found of cards or funds being mishandled by these entities. The audit report included the findings and recommendations made to mitigate the issues identified.

The OAG provided an overview of key components of purchasing card management as shown below:





Source: OAG

During this performance audit, the OAG found the following issues from the six metropolitan entities:

- Controls over the use of purchasing cards were partly effective
  - Inadequate policies and guidance on allowable and reasonable business use
  - Inadequate review and manager approval of purchases
- Controls over the issue and cancellation of cards were partly effective and require improvement.

### Internal Audit

The City engaged Paxon Group to undertake an internal audit of credit card and purchasing cards. That internal audit was completed and reported to the Audit, Risk and Compliance Committee meeting on 18 March 2025. There were a number of findings, including some that mirror the OAG Recommendations.

Specifically, the requirement for improved policy control over purchasing cards was the subject of a finding. This has been actioned through a revised Credit Card and Purchasing Card Policy, that was endorsed by the Governance Committee at the



meeting held on 17 June 2025 for Council consideration at the 8 July 2025 Council meeting.

### OAG Recommendations

The recommendations made by the OAG in their report are summarised in the table below with responding comments made by the City:

Recommendation	City Comment
<p>a. The six entities should ensure their policy and guidance is clear on what is allowable and reasonable business use expenditure for items such as travel, alcohol, meals, entertainments and gifts.</p>	<p>The City has revised its Civic Hospitality and Gifts Policy which was presented to the 17 June 2025 Governance Committee Meeting for Council consideration at the 8 July 2025 Council Meeting.</p> <p>That revised Policy provides significant guidance on appropriate business expenditure on items such as alcohol, meals, entertainments and gifts.</p> <p>Travel is already dealt with in other policies and procedures.</p> <p>Action has been completed.</p>
<p>The six entities, as relevant, should:</p> <p>b. Report purchasing card transactions more transparently to council to enable better scrutiny of how public money is being spent.</p>	<p>All purchase and credit cards transactions are reported to Council each month as an attachment to the monthly financial report agenda item. Further improvement has been implemented to include more descriptions on all transactions to comply with this recommendation.</p> <p>Action has been completed.</p>

<p>c. Have suitable controls in place to manage the issue and timely cancellation of purchasing cards</p>	<p>The City's Accounts Payable and Corporate Credit Card Officer processes a cancellation request as soon as the City's employee leaves the City. Employee exit control processes require the employee to return the card which is destroyed immediately.</p> <p>The City recently implemented administrator functionality within the CommBank card system to allow online ability to suspend and cancel credit cards. Where cards remain unacquitted post report preparation to Council, these are escalated to senior and/or executive leadership. The City can formalise the repercussions and apply more strictly going forward.</p> <p>Action has been completed.</p>
<p>d. Review and approve purchasing card transactions in a timely manner</p>	<p>The acquittal of credit card transactions needs to be completed within a reasonable timeframe, being no longer than one month after statement issue. Transactions must be reviewed and approved by the actual cardholder with a second, independent approval provided by their line manager. Where the cardholder is an Executive or the CEO, the second approval is to be provided by another Executive or CEO.</p> <p>Regular follow up emails are sent to card holders to complete their outstanding credit card acquittals. Failure to complete the acquittal after reminders is escalated to senior leadership and may result in the credit card being suspended or cancelled.</p> <p>Action has been completed</p>

e. Keep proper records of the review and approvals of purchasing card transactions and card cancellations	An audit trail is available in the City's record management system (ECM). All relevant correspondences, including new applications and cancellations are also available in ECM.  Action has been completed
f. Regularly monitor and report on purchasing card controls to allow management to oversee usage and control effectiveness. The results of the reviews should be documented and retained.	The statutory CEO review into the appropriateness and effectiveness of financial management systems and procedures (LG FM Reg. 5) is completed every three years and includes use of credit cards. The review is reported to the ARC Committee.  Action has been completed

As required by the OAG Audit, the City will report the implementation of findings to the Minister for Local Government and publish the report on its website.

### **Strategic Plans/Policy Implications**

#### Listening & Leading

A community focused, sustainable, accountable, and progressive organisation.

- Best practice Governance, partnerships and value for money.

### **Budget/Financial Implications**

N/A

### **Legal Implications**

N/A

### **Community Consultation**

N/A

### **Risk Management Implications**

Reviewing the findings and recommendations contained in the OAG's report into Performance Audit – Local Government Management of Purchasing Cards provides an opportunity for the City to reduce financial management and reporting risks and improve its management controls and governance frameworks.

### **Advice to Proponent(s)/Submitters**



N/A

**Implications of Section 3.18(3) *Local Government Act 1995***

Nil





Report 17: 2024-25 | 28 May 2025

**PERFORMANCE AUDIT**

## **Local Government Management of Purchasing Cards – Larger Metropolitan Entities**



**Office of the Auditor General  
for Western Australia**

**Audit team:**

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ISSN: 2200-1913 (print)  
ISSN: 2200-1921 (online)

***The Office of the Auditor General acknowledges the traditional custodians throughout  
Western Australia and their continuing connection to the land, waters and community. We  
pay our respects to all members of the Aboriginal communities and their cultures, and to  
Elders both past and present.***

Image credit: shutterstock.com/Me dia



WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

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**Local Government Management of  
Purchasing Cards – Larger Metropolitan  
Entities**

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Report 17: 2024-25  
28 May 2025



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**THE PRESIDENT  
LEGISLATIVE COUNCIL**

**THE SPEAKER  
LEGISLATIVE ASSEMBLY**

**LOCAL GOVERNMENT MANAGEMENT OF PURCHASING CARDS – LARGER  
METROPOLITAN ENTITIES**

This report has been prepared for submission to Parliament under the provisions of sections 24 and 25 of the *Auditor General Act 2006*.

Performance audits are an integral part of my Office's overall program of audit and assurance for Parliament. They seek to provide Parliament and the people of WA with assessments of the effectiveness and efficiency of public sector programs and activities, and identify opportunities for improved performance.

This audit assessed if six larger metropolitan local government entities effectively manage the issue, use and cancellation of purchasing cards

I wish to acknowledge the entities' staff for their cooperation with this audit.

A handwritten signature in black ink, appearing to be 'C Spencer'.

Caroline Spencer  
Auditor General  
28 May 2025

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## Auditor General's overview

This is my Office's second report in two years on local government entities' management of purchasing cards. Purchasing cards are a cost-effective and convenient way to pay for goods and services of low value, but there is a risk of misuse and loss of public money if they are not effectively managed.



This audit reviewed six larger metropolitan entities and had similar findings to our first audit of three regional entities<sup>1</sup>. Entities had varying controls in place to manage purchasing cards but did not clearly state what they considered allowable and reasonable business expenditure. In a climate where cost of living is a significant concern, we questioned if some purchases are in line with community expectations of responsible use of public money.

We found no evidence of cards being misused, in part because without clear policies and guidance, we had no benchmark to assess purchases against. However, we share in this report (Case study 1) some of the items of expenditure that appeared excessive when compared with practices in the State sector. Staff should have clear guidance on what is allowable and reasonable, particularly for travel, alcohol, meals, entertainment and gifts.

Entities can also improve their controls over the issue and cancellation of cards, review and approval of purchases and transparent reporting, to give councils and the public confidence that cards are appropriately managed and that purchases meet a business need.

I thank the staff at each audited entity for their cooperation and assistance in completing this audit. I also encourage all local government entities to consider the better practice guidance included in the report to help manage their purchasing cards and minimise the risk of inadvertent or deliberate misuse of public funds.

Our case study examples are de-identified in this report. However, if we audit this topic again, I may name entities to help promote accountability given the recommendations and better practice guidance we have provided the sector.

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<sup>1</sup> Office of the Auditor General, [Local Government Management of Purchasing Cards](#), OAG website, 12 June 2024, accessed 1 May 2025.

## Executive summary

### Introduction

This audit assessed if the following six metropolitan local government entities (entities) effectively manage the issue, use and cancellation of purchasing cards:

- City of Cockburn
- City of Fremantle
- City of Melville
- City of Perth
- City of Subiaco
- Town of Victoria Park.

We previously audited the management of purchasing cards in June 2024 at three regional entities and found inadequate policy guidance for what they considered was allowable and reasonable expenditure, weaknesses in controls over the issue and cancellation of cards, and a lack of effective oversight.<sup>2</sup>

Both audits considered the requirements of the *Local Government Act 1995* (LG Act) and associated regulations, guidelines issued by the Department of Local Government, Sport and Cultural Industries and our better practice guidance in Appendix 1.

### Background

Purchasing cards are a well-established part of modern purchasing systems and are a cost effective, convenient and timely way to pay for goods and services of low value. Purchasing cards include corporate credit cards, store cards<sup>3</sup>, fuel cards and taxi cards. This audit focused on credit cards and store cards.

Entities need to demonstrate that purchases meet a legitimate and authorised business need and meet community expectations around the responsible use of public money. Improper, wasteful or unauthorised purchases that are not identified and resolved result in financial loss to the entity.

Effective controls, appropriate to an entity's size and risk, help to prevent and detect inadvertent or deliberate misuse of purchasing cards. These include:

- up-front controls to prevent misuse and errors before a purchase is made. These include clear policies, procedures and guidance, preset card limits and delegations to purchase
- controls to detect errors and misuse after a purchase is made. These include processes to review and approve purchases in a timely way, the monitoring, reporting and oversight of card use and destruction processes.

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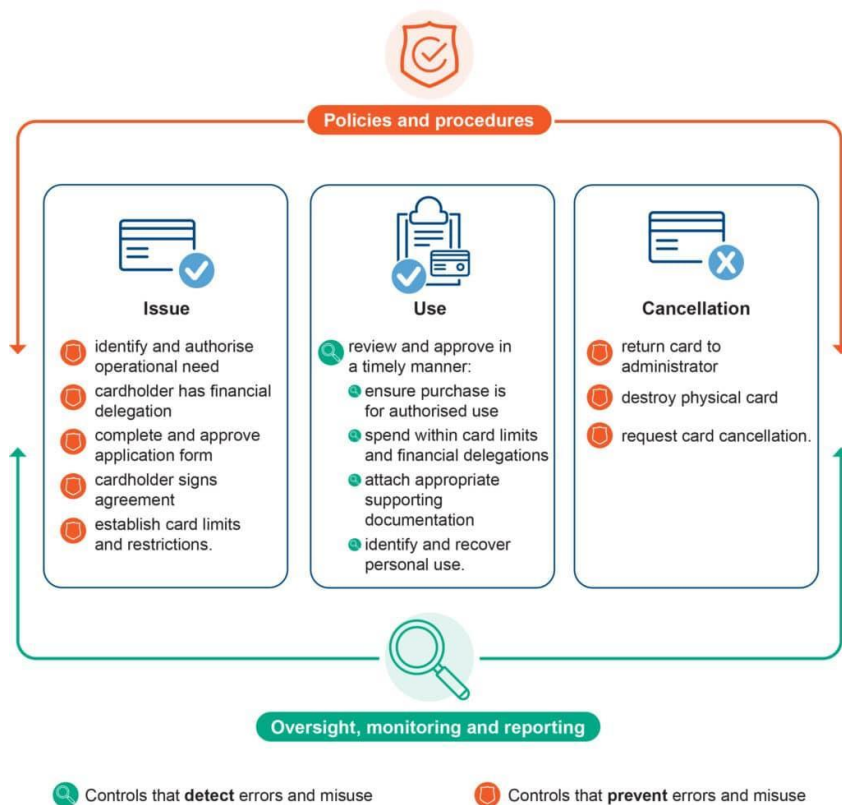
<sup>2</sup> Office of the Auditor General, [Local Government Management of Purchasing Cards](#), OAG website, 12 June 2024, accessed 1 May 2025.

<sup>3</sup> Store cards are a type of credit card that offer a line of credit for use in a specific store or chain of stores such as large supermarket and hardware retailers.

Entities also need to meet their legislated financial responsibilities. The LG Act and associated regulations require:

- entities to develop procedures for the payment of accounts to ensure there is effective security for, and properly authorised use of, purchasing cards<sup>4</sup>
- CEOs to keep proper accounts and records in accordance with regulations<sup>5</sup>
- councils to oversee allocation of their entity's finances and resources, and determine policies<sup>6</sup>
- entities to present their council with a monthly payment listing of all purchasing card transactions and the list recorded in the council minutes<sup>7</sup>. This provides for increased council and public scrutiny of local government spending.

Figure 1 provides an overview of the key components of purchasing card management, highlighting the controls we assessed during the audit and our better practice guidance (Appendix 1).



Source: OAG

**Figure 1: Overview of key components in purchasing card management and controls**

<sup>4</sup> Local Government (Financial Management) Regulations 1996, regulation 11(1)a.

<sup>5</sup> *Local Government Act 1995*, section 6.5(a).

<sup>6</sup> *Local Government Act 1995*, sections 2.7(2)(a) and (b).

<sup>7</sup> Local Government (Financial Management) Regulations 1996, regulation 13A took effect from 1 September 2023.

The Department of Local Government, Sport and Cultural Industries provides the sector with broad guidance on the management of purchasing cards and changes in legislation through accounting and operational guidelines, circulars, alert bulletins and monthly webinars.

## Conclusion

The six entities had varying controls in place to manage the issue, use and cancellation of their purchasing cards, but weak implementation and control gaps meant their controls were only partly effective.

Appropriately, cardholders provided receipts to support their purchases. This control helps entities meet their legislated responsibilities and ratepayers' expectations around the responsible use of public money.

However, we found gaps and weaknesses in all areas of purchasing card management that increase the likelihood of cards being inadvertently or deliberately misused:

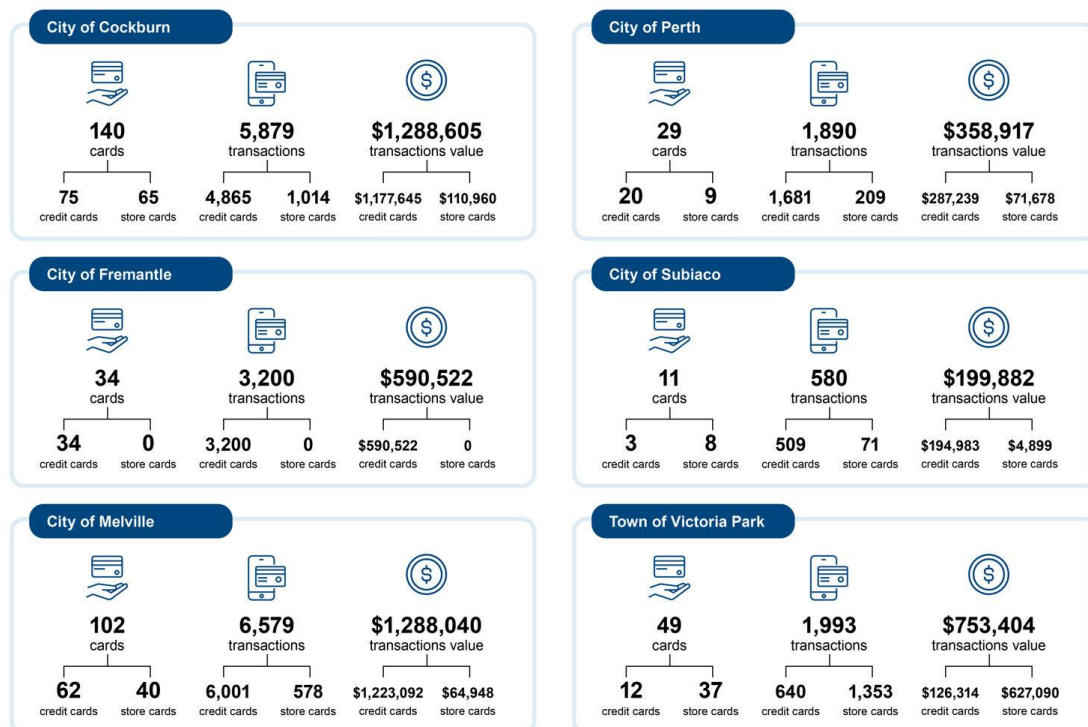
- Policies and guidance for staff did not clearly state what was allowable and reasonable expenditure on such things as travel, accommodation, meals and alcohol. In addition, purchases were not always adequately reviewed and approved in a timely manner.
- The operational need for a purchasing card was not always established; cards were issued to staff who did not have delegated authority to make purchases; cardholder obligations and responsibilities were not made clear; and cards were not promptly returned and destroyed when no longer needed.
- A lack of oversight and monitoring of how well purchasing cards were managed meant entities were missing opportunities to identify and promptly address the risks of card misuse and financial loss.

Although our audit found gaps and weaknesses, our transaction sample testing did not find any evidence that cardholders misused public money, in part because none of the entities had clearly stated for staff what they considered allowable and reasonable business expenditure.

## Findings

### Controls over the use of purchasing cards were partly effective

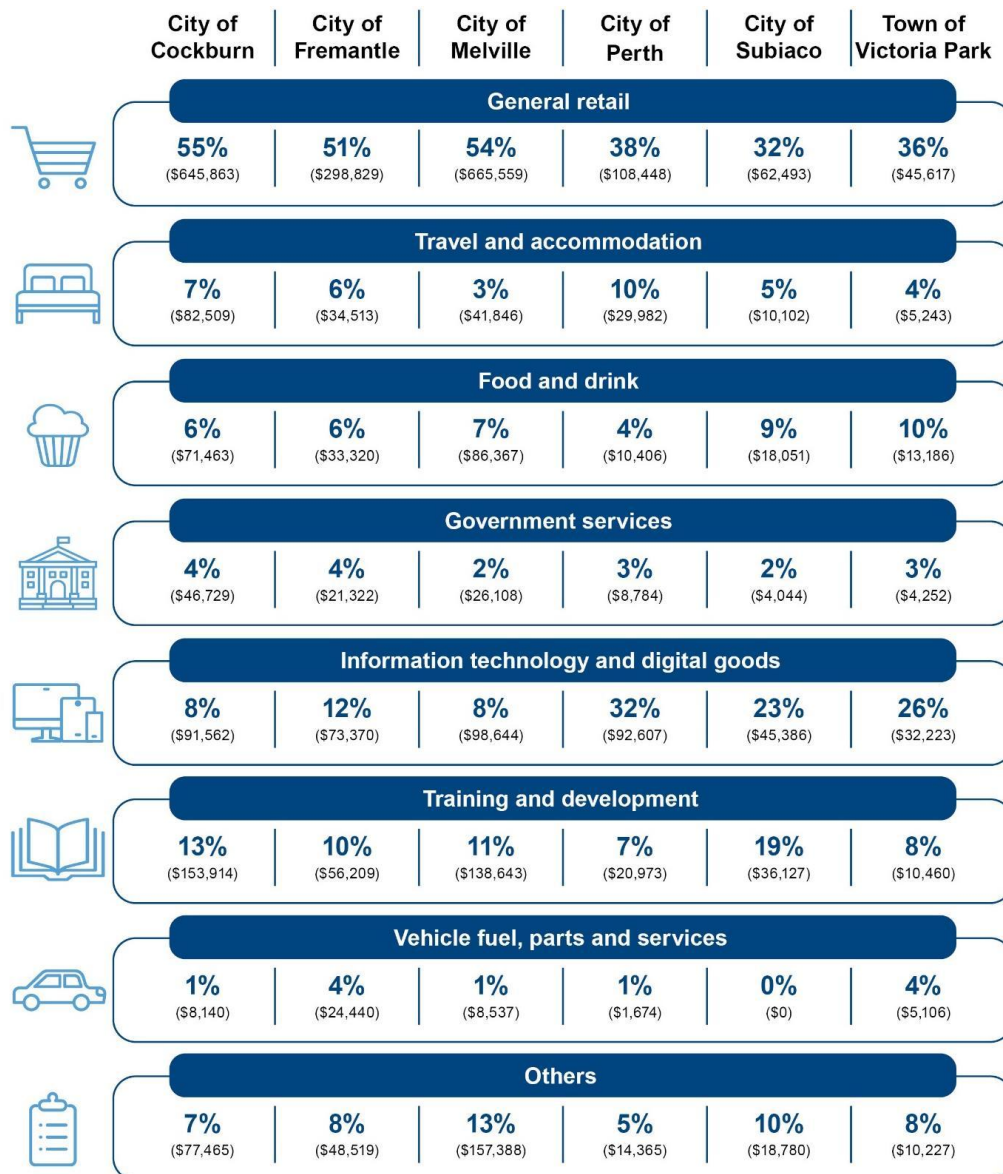
We found cardholders provided receipts or other documentation to support more than 95% of purchases. In total, the six entities had 365 purchasing cards and made purchases totalling around \$4.5 million during our 12-month audit period (Figure 2). Appropriately, purchases were generally for low value items with most transactions valued below \$500.



Source: OAG based on entity information

**Figure 2: Key purchasing card statistics from 1 October 2023 to 30 September 2024**

Our analysis across all six entities showed credit card purchases generally fell into the range of categories set out in Figure 3.



Source: OAG based on entity information

Note: percentages may not add up to 100% due to rounding. We have analysed credit card transaction data only.

**Figure 3: Purchase categories for 1 October 2023 to 30 September 2024**

### Inadequate policies and guidance on allowable and reasonable business use

None of the six entities had clearly stated for staff what was considered allowable and reasonable business expenditure. Entities regularly made purchases for travel, meals, alcohol, entertainment and gifts. Clear policies and guidance are important preventive controls to guide staff decisions when purchasing and reduce instances of unreasonable and excessive spending. The community has a right to expect that public money will be spent carefully and only for legitimate business purposes.



The following case study provides examples of approved purchases that in the absence of clear policies and guidance, we queried if the spending was reasonable.

#### Case study 1: Reasonableness of business use

##### *Alcohol and meals*

- \$1,026 for an elected member and staff dinner after a council meeting, including three bottles of wine at \$70 each. It is the entity's practice to go out to dinner after meetings once a month to support local businesses in the area.
- Four entities have on-site bars. We identified alcohol purchases including:
  - \$990 for wine and spirits
  - \$412 for four cases of wine.
- \$280 for four bottles of champagne to celebrate a major achievement with elected members and staff.
- \$259 for an offsite meeting between the CEO and two senior individuals from key community organisations that included the purchase of a bottle of wine (\$68) and oysters (\$42).

##### *Gifts*

- \$86 on three bottles of wine as gifts for partners of three retiring elected members.

##### *Travel*

- \$2,489 for a car service to transport 10 people (two elected members, the CEO and seven external delegates) to events over two evenings during an international conference.

We found that none of the entities had documented processes or timeframes to recover money when purchasing cards were used to pay for personal items. Purchasing cards should not be used to purchase personal items under any circumstances, even when the cardholder plans to reimburse the entity. If purchases cannot be clearly split into personal and business components at the time of purchase, a better approach is to pay with a personal account and then seek a reimbursement from the entity for the business component.

Entities need to have processes in place to promptly identify and recover the cost of personal purchases to prevent loss of public money.

#### Inadequate review and manager approval of purchases

The entities did not always adequately review and approve purchasing card transactions. None of the entities fully complied with their own policy and procedures. We found instances:

- at all entities where purchases were not reviewed and approved within their own specified timeframes or where timeframes were not set. One purchase was not approved for 208 days (City of Fremantle)
- at three entities where pre-approvals were not obtained in line with the entities' requirements for specific items (e.g. alcohol), purchases over a certain value or

permission to use another person's card (City of Fremantle, City of Melville and City of Subiaco)

- at two entities where records did not include required information such as the purpose of providing entertainment or hospitality or the number of employees attending (City of Fremantle and Town of Victoria Park)
- at one entity where not all purchases made by the CEO were approved (City of Victoria Park).

In addition:

- one entity could not provide us with key records for most of their purchases due to a system limitation. We identified this limitation during our audit. These key records included description of purchases, who had approved them and when (City of Victoria Park)
- one entity did not have policies and procedures for who should review and approve store card purchases (City of Cockburn)
- two entities did not specify who should approve CEO purchases (City of Fremantle and City of Subiaco).

To ensure a purchase is allowable and reasonable, a direct manager<sup>8</sup> who is aware of the cardholder's role and purchasing requirements should conduct a timely review and approve purchases. This reduces the likelihood of unreasonable, inappropriate or unauthorised transactions going undetected.

We also found:

- card sharing taking place. This increases the likelihood of unauthorised or fraudulent purchases and makes it difficult to identify the purchaser (City of Subiaco)
- the collection of personal reward scheme points on a small number of business purchases, and all of them had not been identified nor reported as part of the approval process (City of Cockburn, City of Perth, City of Melville, Town of Victoria Park). A risk exists with reward schemes that cardholders may make purchases through a particular supplier to gain a personal advantage.

The following case study is an example of control weaknesses and delays in approving purchases at one entity.

#### **Case study 2: Control weaknesses to approve purchases**

An entity's policies and procedures did not specify a timeframe for credit card purchases to be approved or who should approve purchases made by the CEO.

We found:

- three purchases were not approved until over 125 days after the transactions took place
- the date of approval was not recorded for almost two thirds of the purchases we reviewed. As a result, we could not determine the timeliness of the approval for all credit card purchases

<sup>8</sup> In the case of the CEO, the chief finance officer (or equivalent) or a suitably senior staff member.

- the CEO and a director approved their own purchases.

Timely and appropriate approval of purchases can detect inadvertent and deliberate misuse and prevent fraudulent use.

## Controls over the issue and cancellation of cards were partly effective and require improvement

The six entities' management of the issue and cancellation of purchasing cards was only partly effective. We identified the following control weaknesses:

- all entities' policies and procedures were missing some key elements such as an application process to approve eligibility and need for a card; who should approve a new card; a cardholder agreement form outlining cardholder obligations and responsibilities; and processes to cancel cards
- registers at all entities either did not list all purchasing cards or were missing key information such as acknowledgement of card return and date of card destruction
- no policies or procedures for the issue and cancellation of store cards (City of Cockburn and City of Subiaco)
- purchasing cards were issued to staff who were not recorded in the delegations register as having the required delegated authority to make purchases (City of Cockburn, City of Melville, City of Perth, City of Subiaco)
- all cardholders had not signed agreements acknowledging their legal obligations and responsibilities or had signed the agreement up to seven months after they received their card (Town of Victoria Park)
- delays of between one to eight months to cancel cards when staff exited the entity, including one card that was used to make a purchase 259 days after the staff member exited (City of Cockburn, City of Fremantle, City of Melville, Town of Victoria Park).

There is an increased likelihood of inadvertent or deliberate misuse and financial loss to entities when cards are not appropriately issued and cancelled.

## Lack of appropriate oversight of purchasing card controls

Three entities did not meet legislative requirements to provide council with a list of all purchases. We found:

- reporting of store card purchases did not include the payees name, date and sufficient details to identify each payment (City of Melville and City of Subiaco)
- individual reporting of store card purchases did not start until April 2024 even though it was required from September 2023 (Town of Victoria Park).

All entities had instances where they provided council with vague descriptions of purchases and could have better identified the expenditure to facilitate transparency and proper scrutiny of how public money is being spent.

None of the entities had appropriate management oversight of purchasing card control effectiveness. None routinely monitored controls to issue, use and cancel cards and report on shortcomings to management. Regular monitoring activities, like those described in our better practice guide in Appendix 1, would assist entities to identify control gaps and address

weaknesses in a timely manner. All entities reviewed their financial management systems and procedures as required by legislation<sup>9</sup> but not all of the reviews included a review of purchasing card procedures. One entity had conducted a one-off internal audit of their purchasing card control effectiveness which was finalised during our audit (City of Cockburn).

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<sup>9</sup> Local Government (Financial Management) Regulations 1996, regulation 5(2)c.

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## Recommendations

1. The six entities should ensure their policy and guidance is clear on what is allowable and reasonable business use expenditure for items such as travel, alcohol, meals, entertainment and gifts.
2. The six entities, as relevant, should:
  - a. report purchasing card transactions more transparently to council to enable better scrutiny of how public money is being spent
  - b. have suitable controls in place to manage the issue and timely cancellation of purchasing cards
  - c. review and approve purchasing card transactions in a timely manner
  - d. keep proper records of the review and approvals of purchasing card transactions and card cancellations
  - e. regularly monitor and report on purchasing card controls to allow management to oversee usage and control effectiveness. The results of reviews should be documented and retained.

In accordance with section 7.12A of the *Local Government Act 1995*, the six entities should prepare a report on any matters identified as significant to them for submission to the Minister for Local Government within three months of this report being tabled in Parliament, and within 14 days of submission publish it on their website.

## Response from entities

### City of Cockburn

The City thanks the Office of the Auditor General for the conduct of this performance audit.

The findings of the Office of the Auditor General's performance audit align with the findings of a separate credit and purchasing card internal audit that the City had performed in 2024/25. The City values the insight the Office of the Auditor General has provided. The community must be confident that the City has appropriate controls in place for purchasing cards and guidance for their use by the City. This includes setting expectations on reasonable business use for expenditure for items such as travel, alcohol, meals, entertainment and gifts to staff.

The Office of the Auditor General has previously highlighted the need for local governments to provide policy guidance on reasonable business use. As a result, when Council considered the Civic Hospitality and Gifts Policy at the 13 May 2025 Council meeting, it resolved to "REQUEST a further report to be presented to the June 2025 Governance Committee meeting to respond to the Office of Auditor General's guidance on the need to develop clear policy guidance for employees and Elected Members on what is allowable and reasonable business expenditure on meals, entertainment and hospitality."

The City will implement the findings of this Office of the Auditor General Performance Audit and report on them to the Minister for Local Government as well as to the City's Audit, Risk and Compliance Committee, and Council.

### City of Fremantle

The City of Fremantle acknowledges and accepts the audit's recommendations. The City of Fremantle remains committed to ongoing improvement and will take steps to strengthen its practices and ensure transparency, accountability and continued responsible use of public resources.

### City of Melville

The City of Melville acknowledges the findings from the performance audit into purchasing card management and is committed to strengthening governance, compliance, and oversight. While the audit did not find evidence that cardholders misused public money, the City recognises the importance of continuous improvement in the management of its purchasing cards. Implementation of recommendations has commenced ensuring alignment with better practice principles.

### City of Perth

The City of Perth is committed to continuous improvement and feedback, and has welcomed the opportunity to participate in the OAG's purchasing cards performance audit.

Contextually, purchasing cards account for less than 0.1% of the City's total expenditure.

In 2020, following the conclusion of the most complex Inquiry into a local government in Western Australia, the City embarked upon an 'Evolution to Excellence' to address all 215 Inquiry recommendations assigned to the City.

In 2024, the City concluded this significant body of work and provided the State Government (through the Department of Local Government, Sport and Cultural Industries) comprehensive evidence to substantiate its completion of each of the 215 recommendations. The City's response was achieved through strong leadership, clear

direction and commitment to address the governance and operational issues identified through the Inquiry. As a result of these efforts, the City has strengthened its internal governance, operations and financial management.

The City has established a high calibre Audit and Risk Committee, with independent membership, to oversight the operations and performance of the City.

The City considers all opportunities for improvement as a means of further strengthening its processes and systems and importantly ensuring value for its rate payers.

The City has established a range of policies and guidance (8 in total) for staff and elected members on what is allowable and reasonable business use expenditure for items such as travel, alcohol, meals, entertainment and gifts. On this basis, the City does not agree with recommendation one within this report.

### City of Subiaco

The City of Subiaco embraces continuous improvement and welcomes opportunities to improve our processes in accordance with the OAG's recommendations. The City considers the risk associated with usage of its credit cards to be low, given that there are only two credit cards, that they are only used for purchases that cannot be made by other mechanisms, and that they have low limits. Total monthly expenditure ranges between \$10k and \$20k, with expenditures typically comprising IT subscriptions, sundry items for community events, staff training and memberships, and catering for council meetings and workshops held after hours.

There are also strong controls in place given that every purchasing card transaction is scrutinized by the Finance team, the Director Corporate Services, and is reported to Council Meetings each month for the further scrutiny of every elected member and the general public. This is a much higher bar of transparency than provided by state government agencies. General staff using the two shared credit cards do not have access to the card details, and can only make payments following a supervisor's authorisation, providing a 'gate' control which arguably reduces the risk compared to organisations that allocate cards to every staff member with a purchasing need. All purchases are made in accordance with budgetary constraints and are subject to the same Purchasing policy and protocols as every other transaction in the City.

### Town of Victoria Park

The Town of Victoria Park acknowledges the overall findings and recommendations by the OAG in the performance audit. The Town has already started the process of reviewing its current Policy, Management Practice, Procedure and Transaction Card Agreement, around the use and management of purchase cards. This will take into consideration the recommendations included in these findings, operational guidelines provided by the DLGSC, better practice guidance provided by the OAG and legislative requirements. This will then be communicated to all cardholders and monitored by the Town's card administrators for its effectiveness moving forwards. The Town would like to note that the performance audit did not find any evidence of fraud or that the Town's cardholders misused public money.

## Audit focus and scope

The objective of this audit was to assess if six local government entities effectively manage the issue, use and cancellation of purchasing cards. The criteria were:

- Are there effective controls over the issue and cancellation of purchasing cards?
- Are there effective controls over the use of purchasing cards?

The audit reviewed the issue, use and cancellation practices of each entity over the period 1 October 2023 to 30 September 2024.

We assessed each entity's policies and procedures against legislative requirements, the Department of Local Government, Sport and Cultural Industries' operational guidelines and our better practice guidance in Appendix 1. At each entity, we also assessed a sample of CEO purchasing card transactions and whether there was adequate independent review.



This was an independent performance audit, conducted under section 18 of the *Auditor General Act 2006*, in accordance with Australian Standard on Assurance Engagements ASAE 3500 *Performance Engagements*. We complied with the independence and other ethical requirements related to assurance engagements. Performance audits focus primarily on the effective management and operations of entity programs and activities. The approximate cost of undertaking the audit and reporting was \$415,000.





## Appendix 1: Better practice guidance

Local government entities need to have purchasing card policies and procedures that are up-to-date and accessible to staff. These policies and procedures should include key controls for the issue, use and cancellation of purchasing cards and be regularly reviewed.

The table lists requirements for effective purchasing card management, which guided our audit. It is not intended to be an exhaustive list.

Purchasing card management	Outcome	What we expect to see
 <b>Issue</b>	Cardholder eligibility and operational need is established, an application is appropriately approved and the cardholder is made aware of their legal obligations and responsibilities	<ul style="list-style-type: none"> <li>cardholder has appropriate financial delegation to incur expenditure. Delegations should also be set for certain types of expenditure</li> <li>an application form is appropriately approved</li> <li>card limits are based on cardholders need</li> <li>cardholder and their manager sign an agreement that clearly sets out the legal obligations and responsibilities and the purposes for which a card may or may not be used</li> <li>cardholder acknowledges that they understand and will comply with purchasing card policy and procedures</li> <li>cardholder receives training on procedures and requirements</li> <li>card administrator updates the purchasing card register with key cardholder information.</li> </ul>
 <b>Use</b>	Purchases are for business use and are properly reviewed and approved in accordance with the purchasing card policies and procedures	<ul style="list-style-type: none"> <li>purchases should be within the transaction and card limits. They should not be split to circumvent these limits</li> <li>entity sets out appropriate delegations for approval of expenditure</li> <li>timely review and approval of transactions: <ul style="list-style-type: none"> <li><u>cardholder</u>: reviews statements to ensure accuracy of reported purchases, attaches adequate supporting documentation, codes purchases and provides sufficient details to identify the purchase</li> <li><u>cardholder's direct manager</u><sup>10</sup>: reviews and approves purchases to ensure appropriate business use, consistency with cardholder's role and responsibilities, and compliance with policies and guidelines</li> </ul> </li> </ul>

<sup>10</sup> In the case of the CEO, the chief finance officer (or equivalent) or a suitably senior staff member.

Purchasing card management	Outcome	What we expect to see
		<ul style="list-style-type: none"> <li>review and approval processes have adequate documentation</li> <li>processes to repay any personal purchases</li> <li>guidance for purchases where cards are not physically present such as online telephone and internet purchases</li> <li>treatment of reward schemes and loyalty programs as purchasing cards should not be used to gain a personal benefit</li> <li>procedures for when a cardholder is on leave to ensure card security.</li> </ul>
 <b>Cancellation</b>	Timely cancellation of purchasing cards to prevent unauthorised purchases and unnecessary card fees	<ul style="list-style-type: none"> <li>immediate cancellation once a cardholder exits or has a change in employment requirements</li> <li>cardholder returns card to the administrator</li> <li>cards should be destroyed, and evidence of destruction recorded</li> <li>administrator enters cancellation and destruction information in cardholder register.</li> </ul>
 <b>Oversight</b>	<p>Regular monitoring and reporting to provide management with insights into use and the effectiveness of controls and to address shortcomings in a timely manner</p> <p>Evidence of reviews should be retained</p>	<p>Examples of monitoring and reporting include:</p> <ul style="list-style-type: none"> <li>Continuously: <ul style="list-style-type: none"> <li>disclose information about each purchasing card transaction in a payment listing to council and in council minutes</li> <li>record instances of personal use, inappropriate use, and disputed and fraudulent transactions. Take corrective action when required</li> <li>assess the timeliness of reviews and approvals by cardholders and managers, and act when timeframes are not met</li> <li>provide reports to managers on usage within their areas to assess operational need</li> <li>reinforce requirements to cardholders and approvers</li> </ul> </li> <li>Annually: <ul style="list-style-type: none"> <li>identify inactive or underused cards that may require cancellation</li> <li>review appropriateness of transaction and card limits</li> <li>audit and update purchasing card registers</li> <li>review relevance and effectiveness of policies and procedures as part of an annual risk assessment</li> </ul> </li> </ul>

Purchasing card management	Outcome	What we expect to see
		<ul style="list-style-type: none"><li>• Periodically:<ul style="list-style-type: none"><li>○ sample test transactions for appropriate business use and compliance with policies and procedures</li><li>○ analyse usage and supplier patterns to inform procurement practices</li><li>○ review purchasing card policy against operational guidelines and better practice principles</li><li>○ review the appropriateness and effectiveness of financial management systems and procedures as required by legislation.</li></ul></li></ul>

Source: OAG

## Auditor General's 2024-25 reports

Number	Title	Date tabled
17	Local Government Management of Purchasing Cards – Larger Metropolitan Entities	28 May 2025
16	Fraud Risks in Land Transactions by DevelopmentWA	28 May 2025
15	Electricity Generation and Retail Corporation (Synergy)	30 April 2025
14	State Government 2023-24 – Information Systems Audit Results	30 April 2025
13	State Government 2023-24 – Financial Audit Results	30 April 2025
12	Local Government 2023-24 – Financial Audit Results	24 April 2025
11	Local Government 2023-24 – Information Systems Audit Results	11 April 2025
10	Fraud Risks in the WA Greyhound Racing Association	11 April 2025
9	Child Protection Case Management System – Assist	21 March 2025
8	Universities and TAFEs 2023 – Financial Audit Results	5 December 2024
7	WA Student Assistance Payment – Controls Review	27 November 2024
6	Provision of Additional Information to the Standing Committee on Estimates and Financial Operations – Opinions on Ministerial Notifications	22 November 2024
5	Implementation of the Aboriginal Procurement Policy	21 November 2024
4	Quality and Utilisation of Emergency Department Data	20 November 2024
3	Management of State Agreements	30 October 2024
2	Legislative Reform Priorities and Timeframes – Opinion on Ministerial Notification	19 August 2024
1	Supplier Master Files – Better Practice Guide	1 August 2024

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for Western Australia

## 11.2 Office of the CEO

### 11.2.1 (2025/MINUTE NO 0021) Internal Review of Procurement Services - Malabar BMX Contract C100950, RFT23/2023 - Update to Council

**Responsible Executive** Chief Executive Officer  
**Author(s)** Risk and Governance Advisor  
**Attachments** N/A

#### Officer Recommendation/Committee Recommendation

MOVED Cr C Reeve-Fowkes SECONDED Deputy Mayor C Stone

The Committee recommends Council RECEIVES the update to the Internal Review of Procurement Services – Malabar BMX Contract C100950, RFT03/003.

**CARRIED 6/0**

#### Background

This report updates the ARC Committee on the progress of improvements recommended in the Internal Review of Procurement Services for the Malabar BMX Contract C100950, RFT03/2023.

The ARC received the most recent update on the implementation of recommended opportunities from this review at its meeting on 18 March 2025. At that time, three actions were reported as outstanding. This report presents an update on the progress of these three items.

#### Submission

N/A

#### Report

The three outstanding actions are listed in the table below.

Item No.	Opportunity for improvement	Summary of required action	Reported to the 18 March 2025 ARC meeting	Update to the 15 July 2025 ARC meeting
6.	Procurement Framework	Procurement Services to publish on the intranet the document <i>Procurement Framework</i> .	The Procurement Framework has been drafted. SLT consultation has been delayed due to the	The Procurement Framework has been approved by the Director Corporate and System Services, is registered in ECM, and is made

Item No.	Opportunity for improvement	Summary of required action	Reported to the 18 March 2025 ARC meeting	Update to the 15 July 2025 ARC meeting
			<p>Organisation Review.</p> <p>Pending SLT consultation, it will be rolled out to all staff on review and approval.</p> <p><b>Action to be completed by 30 May 2025 and closed.</b></p>	<p>available on the City's intranet page.</p> <p><b>Item completed</b></p>
7.	Procurement Services Intranet Webpage	Procurement Services to advertise its system on its own intranet webpage and include the published <i>Procurement Framework</i> .	<p>The recruitment process was not successful. An external resource will be engaged to action this change once the procurement mapping has been completed.</p> <p><b>The new intranet page will go live by 30 May 2025. This action will then be closed.</b></p>	<p>Procurement and Contract Services have revised the key information and streamlined the communication accessible on the Finance and Procurement intranet page. The intranet web page is now live.</p> <p><b>Item completed.</b></p>
11.	Process Mapping	Map the current corporate procurement practices, to define the stakeholders, identify the sequential stages and processes of the City's procurement system, detail the expected timelines and arrive at a procurement process flow map.	<p>The recruitment process was unsuccessful and because of this progress has been gradual. The City started process mapping of all procurement processes in February.</p> <p><b>Action to be completed by 30 May 2025 and closed.</b></p>	<p>Procurement and Contract Services has finalised process mapping of its key procurement functions and responsibilities. The process maps are available on the City's intranet page.</p> <p><b>Item completed.</b></p>

All actions were completed and closed off on 30 May 2025; this will be the final report to the ARC on this review.

### Strategic Plans/Policy Implications

#### Local Economy

A sustainable and diverse local economy that attracts increased investment and provides local employment.

- A City that is 'easy to do business with'.

Listening and Leading

A community focused, sustainable, accountable, and progressive organisation.

- Best practice Governance, partnerships and value for money.

**Budget/Financial Implications**

N/A

**Legal Implications**

This internal review was conducted in accordance with the tender provisions of the *Local Government Act 1995* and the *Local Government (Functions and General) Regulations 1996* to ensure compliance.

**Community Consultation**

N/A

**Risk Management Implications**

Management has implemented all recommendations, reducing the residual risk to low.

**Advice to Proponent(s)/Submitters**

N/A

**Implications of Section 3.18(3) *Local Government Act 1995***

Nil



**12. Motions of Which Previous Notice Has Been Given**

Nil

**13. Notices Of Motion Given At The Meeting For Consideration At Next Meeting**

Nil

**14. New Business of an Urgent Nature Introduced by Members or Officers**

Nil

**15. Matters to be Noted for Investigation Without Debate**

Nil

**16. Confidential Business**

<b>16.1</b>	<b>(2025/MINUTE NO 0022) Response to OAG findings Information Systems Audit</b>
<p>This report and its attachments are <b>CONFIDENTIAL</b> in accordance with Section 5.23(2) (f)(ii) of the <i>Local Government Act 1995</i>, which permits the meeting to be closed to the public for business relating to the following:</p> <p><i>(f)(ii) a matter that if disclosed, could be reasonably expected to endanger the security of the local government's property</i></p>	
<p><b>Officer Recommendation/Committee Recommendation</b>  MOVED Cr C Reeve-Fowkes SECONDED Deputy Mayor C Stone</p> <p>That Council ADOPTS the actions agreed as specified in the Confidential Resolution made behind closed doors.</p> <p style="text-align: right;"><b><u>CARRIED 6/0</u></b></p>	

## **17. Closure of Meeting**

There being no further business, the Presiding Member closed the meeting at 6:13pm.

