



**Audit Risk and Improvement  
Committee Meeting**  
Tuesday, 263 May 2026

**Attachments Under Separate  
Cover**

- Item 14    Audit Risk and Improvement Committee**  
Item 14.1    Audit Plan Financial Year Ending 30 June 2026

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**Addendum Confidential Attachments**

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OAG  
Office of the Auditor General  
Serving the Public Interest



# City of Cockburn Audit Plan

For the year ending 30 June 2026

—  
20 May 2026

**City of Cockburn**

9 Coleville Crescent, Spearwood WA, 6163

20 May 2026

To the Audit, Risk and Improvement Committee

We have been engaged to audit the financial statements of the City of Cockburn (the City) for the year ending 30 June 2026, prepared in accordance with Australian Accounting Standards and the Local Government Act 1995.

**Auditor responsibilities**

The OAG are responsible for performing an audit in accordance with Australian Auditing Standards, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. KPMG has been contracted by the Office of the Auditor General ("OAG") to perform the audit of the City. The contract requires KPMG to use their audit approach and methodology.

**Responsibilities of management and those charged with governance**

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Management is responsible for preparing the financial statements in accordance with the Local Government Act 1995 and Australian Accounting Standards that are free from material misstatement, whether due to fraud or error. Management is also responsible for providing us with access to all information relevant to the preparation of the financial statements, any additional information requested and unrestricted access to persons within the entity.

**Purpose of this report**

This Audit Plan reports matters that Australian Auditing Standards, including Australian Standards on Quality Management, the APES 110 Code of Ethics for Professional Accountants (including Independence Standards), and applicable laws and regulations require us to communicate to you, including an overview of the planned scope and timing of our audit; the form, timing and expected general content of our communications; and matters relating to auditor independence.

Near the completion of our audit, we will report other matters that applicable standards and laws and regulations require us to communicate to you in our Audit Findings, including significant matters arising during the audit of the financial statements that are relevant to those charged with governance in overseeing the financial reporting process.

**Private and confidential**

We provide this report to you in advance of our meeting on 26 May 2026 to allow you sufficient time to consider our audit plan and formulate your questions. This should provide a good platform for our discussions when we meet, where we will be pleased to elaborate further on matters covered in this report.

We look forward to your cooperation over the course of our audit.

Yours sincerely

**Aamir Sheikh**

Assistant Director, OAG  
+61 42798417

[Aamir.Sheikh@audit.wa.gov.au](mailto:Aamir.Sheikh@audit.wa.gov.au)

**John Ward**

Engagement Partner  
+61 424 047 710

[jmward@kpmg.com.au](mailto:jmward@kpmg.com.au)

**Hussain Badshah**

Engagement Manager  
+61 466891148

[hbadshah1@kpmg.com.au](mailto:hbadshah1@kpmg.com.au)

**Limitations and restrictions on distribution**

The contents of this report relate only to the matters that have come to our attention and that we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all relevant matters and may be subject to change. The Australian Auditing Standards do not require us to design procedures for the purpose of identifying supplementary matters to communicate to you.

This report is intended solely for the information of those charged with governance of the City and is provided on the basis that it should not be distributed to other parties; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.



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01

# Planned scope and timing of the audit

Audit Plan

# Identified risks

Our risk assessment draws upon our understanding of the applicable financial reporting framework, the business, the industry and the wider environment in which the City of Cockburn operates.

We also use our regular meetings with senior management to update our understanding.

We will remain alert throughout the audit cycle to factors that may change our risk assessment or that may give rise to risks of material misstatement that were not present at the time we planned our audit.

Where changed or new risks are identified, we will adjust our audit approach accordingly and communicate this to you.

Audit risks	Change in risk year on year	Risk due to:		Significant Risk?	Comment
		Error	Fraud		
Infrastructure assets	↔	✓			
Property, plant and equipment	↔	✓			
Revenue recognition	↔	✓			
Employee costs and provisions	↔	✓			
Contracts and expenditure	↔	✓			
Landfill site – rehabilitation asset and liability	↔	✓			
Cash and cash equivalents	↔	✓			
Management override of controls	↔		✓	✓	

↔ No change



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# Identified risks

## Infrastructure Assets

Risk of error



### Areas of audit focus

- Significant volume of individual assets.
- Assets are recorded at fair value.
- Valuation methodology and assumptions can be complex and judgmental.



### Rationale for our risk assessment

- Complexity, subjectivity, estimation uncertainty
- Large-scale and varied in nature
- Marina, coastal and landfill site asset classes are being valued in current year



### Planned response

#### Substantive procedures

- Assess all valuations for the City's infrastructure assets being revalued for FY2026 including marina, coastal and landfill site assets.
- Assess the competence and capabilities of the valuers, including valuation method and assumptions used.
- Recalculate any revaluation gain/loss arising from the valuation assessment and ensure this has been appropriately recorded.
- On a sample basis, select assets for sighting noting their existence and physical condition.
- Test a sample of asset additions and disposals to supporting documentation.
- Consider management's asset assessment for impairment indicators (other than a general decline in value) for infrastructure assets that are not revalued during the year.
- Assess appropriateness of asset classification.
- Perform substantive analytical procedures over depreciation expense.
- Read depreciation policy for the various asset classes and assess the reasonableness of rates used.

# Identified risks

## Property, Plant and Equipment

Risk of error



### Areas of audit focus

- Land and buildings are valued at fair value.
- Significant volume of individual assets.



### Rationale for our risk assessment

- Complexity, subjectivity, estimation uncertainty
- Large-scale and physically dispersed
- Land and buildings are being valued in current year



### Planned response

#### Substantive procedures

- Assess all valuations for the City's land and buildings.
- Assess the competence and capabilities of the valuers, including valuation method and assumptions used.
- Recalculate any revaluation gain/loss arising from the valuation assessment and ensure this has been appropriately recorded.
- On a sample basis, select assets for sighting noting their existence and physical condition.
- Test a sample of asset additions and disposals to supporting documentation.
- Consider management's impairment assessment/calculation for reasonableness.
- Assess appropriateness of asset classification.
- Perform substantive analytical procedures over depreciation expense.
- Read depreciation policy for the various asset classes and assess the reasonableness of rates used.
- Consider the application of AASB 2022-10, including recognition of project management and professional fees in valuations performed.

# Identified risks

## Revenue Recognition

Risk of error



### Areas of audit focus

- High value of transactions that management are required to process accurately.
- Heightened area of focus for stakeholders.
- Potential recognition risk due to non-compliance with AASB 15 and AASB 1058.



### Rationale for our risk assessment

- High value; Multiple sources
- High volume and automated process
- Presumed fraud risk is rebutted



### Planned response

#### Test of controls

- Council approval of rates and charges for FY26.

#### Substantive procedures

- Inquire about any major changes to the City's rates policy.
- Assessment of Landgate's General Valuation of the Gross Rental Values (GRVs) of properties within the City.
- Perform substantive analytical procedures over rates revenue, utilising the approved rates increase for FY26 and the rateable property data from Landgate.
- Agree a sample of fees and charges to supporting documents.
- Focus testing around financial year end to ensure revenue recorded in the correct period.
- Vouch grants to relevant grant agreement and bank and consider reasonableness of recognition principles, including any contract assets and contract liabilities, in accordance with AASB 15 and AASB 1058.

# Identified risks

## Employee costs and provisions

Risk of error



### Areas of audit focus

- High volume of transactions that management are required to process accurately.
- Existence and accuracy of payroll related costs.
- Existence and accuracy of related payroll liabilities.



### Rationale for our risk assessment

- Heightened area of focus for stakeholders



### Planned response

#### Test of controls

- Authorisation and approval of pay run payments

#### Substantive procedures

- Reconcile the payroll report and trial balance as at 30 June 2026, including related payroll liabilities.
- Substantive analytical procedures to be performed over employee costs for the year ending 30 June 2026.
- Data analysis to be performed over long service leave provisions as at 30 June 2026.
- Assess financial report disclosures.

# Identified risks

## Contracts and expenditure

Risk of error



### Areas of audit focus

- High volume of transactions that management are required to process accurately.



### Rationale for our risk assessment

- Heightened area of focus for stakeholders



### Planned response

#### Test of controls

- Authorisation of purchase orders in line with the City's Delegation of Authority.
- Authorisation of purchase orders in line with the City's Procurement Policy.

#### Substantive procedures

- Inquire about any major changes to the City's Procurement Policy.
- On a sample basis for expenditure, agree payments made to supporting documentation and sight authorisation for such payments to ensure in line with the Delegation of Authority levels.
- Perform search for unrecorded liabilities at year end.

# Identified risks

## Landfill site – rehabilitation asset and liability

Risk of error



### Areas of audit focus

- Accounting treatment can involve high levels of judgement and estimation uncertainty.



### Rationale for our risk assessment

- Complexity, subjectivity, estimation uncertainty



### Planned response

#### Substantive procedures

- Assess management's landfill site rehabilitation provision and asset calculations.
- Verify the mathematical accuracy of the calculations received.
- Assess the competence and capabilities of the experts engaged by the City, including valuation method and assumptions used.
- Critically assess the assumptions and inputs (such as discount rate, inflation rate) used in the model by management and the expert.
- Assess accuracy of accounting treatment for the rehabilitation asset.

# Identified risks

## Cash and Cash Equivalents

Risk of error



### Areas of audit focus

- High volume of transactions of significant value.
- Cash and cash equivalents may not be completely identified and recorded.
- Cash equivalents may not be appropriately classified..



### Rationale for our risk assessment

- High value; Existence and Completeness
- Classification and Disclosure



### Planned response

#### Substantive procedures

- Circularise banks for independent confirmations at year end.
- Assess the year end bank reconciliation and agree to bank confirmations.
- Assess the disclosure of cash and cash equivalents, including restricted cash, in the financial statements for reasonableness, including the accurate disclosure of any current and non-current balances, and restrictions.
- Vouch term deposits to confirmations and consider appropriateness of classification.
- Vouch a sample of transfers verifying that the transfers to and from reserves have been appropriately approved.

# Identified risks

## Management override of controls

Significant  
risk

Risk of fraud



### Areas of audit focus

- Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.



### Rationale for our risk assessment

- Override established controls
- Estimates and judgements



### Planned response

- Assess accounting estimates for bias by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluate the business rationale for significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.
- Identify and test relevant controls over journal entries and post-closing adjustments.
- Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.
- Identify journal entries and other adjustments with characteristics that make them susceptible to fraud using KPMG Clara Journal Entry Analysis and test the appropriateness of these entries and adjustments.

# Materiality

We summarise below how we apply the concept of materiality in the context of our audit.

Action	Description
<b>Determine materiality</b>	<p>We determine materiality for the financial statements as a whole at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users taken on the basis of the city's financial statements.</p> <p>Determining materiality is a matter of professional judgement, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.</p> <p>If we identify specific financial statement items for which misstatements of lesser amounts than materiality could reasonably be expected to influence users, then we use a lower materiality level or levels for these items.</p>
<b>Revise materiality</b>	<p>We reassess materiality throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.</p>
<b>Plan and perform the audit</b>	<p>We design our audit procedures to detect misstatements at a level less than materiality in individual accounts and disclosures. We do this to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.</p>
<b>Evaluate the effects of misstatements</b>	<p>We use materiality to evaluate the effect of:</p> <ul style="list-style-type: none"> <li>• identified misstatements on our audit; and</li> <li>• uncorrected misstatements, if any, on the financial statements and in forming our opinion.</li> </ul> <p>We accumulate and report identified misstatements unless they are clearly trivial. We communicate uncorrected audit misstatements, including errors and omissions in disclosure, and the effect that they may have individually or in aggregate on our opinion.</p>

# Audit Timetable

We have developed our audit timeline based on management's financial reporting timetable. If we need to make significant changes to the audit timeline below, then we will communicate the reasons to you on a timely basis.

Audit activity/deliverables	Date (s)	2026				
		May - Jun	Jul - Sept	Oct	Nov	Dec
Presentation of Audit Plan at the Entrance meeting	26 May	■				
Interim audit procedures	22 June – 30 June	■				
OAG interim file review and issue of interim Management letter (if required)	July		■			
Receipt of approved and certified financial statements	30 September		■			
Year-end audit fieldwork	5 October – 23 October			■		
OAG final file review Clearance on financial statements	By 16 November				■	
Presentation of Audit Findings and Management Letter at the Exit meeting	1 December					■
Issue audit report	By 3 December					■

\* Dates for issuing deliverables are preliminary and based on information available at planning. They are therefore subject to change.



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# Ethics and independence

Audit Plan

# Ethics and independence

As a firm, we are committed to being – and being seen to be – independent. We have strict rules and protocols to maintain our independence that meet IESBA Code and the APES 110 Code.

- When assessing our independence, we consider matters that may have a bearing on our integrity, independence and objectivity, including the following.
- Relationships between KPMG and the City of Cockburn
  - Permissibility of non-audit services
  - Approval of audit and non-audit fee arrangements, when applicable
  - Personal independence, including relationships and investments
  - Post-employment relationships of KPMG personnel with the City of Cockburn
  - Partner rotation
  - Contingent fees in relation to non-audit services
  - Overdue fees
  - Gifts and hospitality



# Ethics and independence

We confirm that, as at the date of this report:

- any identified threats to our independence have been eliminated or reduced to an acceptable level, having considered actions taken or proposed, and safeguards applied as set out above.
- the engagement team and others in the firm, as appropriate, the firm are independent of the City of Cockburn in accordance with the APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (“the Code”) together with the ethical requirements that are relevant to audits of the financial statements of public interest entities. We have fulfilled our ethical responsibilities in accordance with the Code. We will continue to monitor our independence on an on-going basis and will confirm our independence at the time of signing our audit report.

If we make any further significant judgements relating to independence matters, then we will communicate these to you.

The Code requires us to communicate to you any breaches of the independence requirements of the Code.

On the rare instance of a significant breach of the Code, we will report our conclusions to you on the actions to be taken, or already taken within three working days. We will report less significant breaches in the Year-end Report to the Audit, Risk and Improvement Committee.

No such breaches have been identified since the date of our last report.



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**03**

# **Audit Quality**

Audit Plan

# Our commitment to delivering Audit Quality

KPMG is committed to fulfilling our public interest role in providing robust audit and assurance quality that benefits investors and other stakeholders. Businesses are integrating technology in new ways, shifting geopolitics and economic uncertainty have displaced norms, and businesses are responding to societal threats such as climate challenges.

The pace and scale of change only strengthens our resolve to ensure the quality, consistency and adaptability of our audit services are fit for this new future. Audit quality is KPMG’s fundamental priority.

Quality, transparency and trust are deeply interconnected, particularly at KPMG. Transparency involves being open, honest, and clear about business practices, decisions and performance. This openness helps build trust by allowing stakeholders to see and understand the firm’s operations and commitments. Our profession remains under an unprecedented spotlight, with heightened community awareness and expectations on integrity, confidentiality and trust. In response, KPMG has taken additional steps over the last 18 months to build on the industry-leading governance model we developed over the past decade, to sharpen our focus on transparency and accountability, and ensure we deliver on our quality commitments.

## Leaders in quality and transparency:



Our commitment to audit quality is our Firm’s fundamental priority and is reflected in our Global Audit Quality Framework which underpins how we deliver quality and consistency in our audits.

Our transparency report outlines how we drive audit quality, our systems of quality control and how we are working to improve it.

Click [here](#) to read our 2025 Transparency Report.

## We believe transparency contributes to building trust in several ways:



**Enhanced Governance & Accountability**

By publicly disclosing executive partner remuneration and our Partnership Agreement, KPMG demonstrates a commitment to accountability, integrity and ethical governance.



**Audit Quality & Assurance**

KPMG’s investment in audit quality, including the use of advanced technology and rigorous training for audit teams, is detailed in our transparency report.



**Independent Oversight**

Increasing the number of independent directors on the Board brings external perspectives and challenges, ensuring KPMG meets stakeholder expectations and maintains high ethical standards.



**Voluntary Disclosures**

KPMG’s Transparency and Impact reports include voluntary disclosures on progress against public commitments in areas such as governance, people, planet, and prosperity. We are committed to making a positive impact and being held accountable for outcomes.



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# Communications

Audit Plan

# Required communications

<p>Australian Standards on Quality Management and Auditing include requirements to communicate certain matters to those charged with governance, which we summarise here.</p> <p>We will communicate significant matters that arise over the course of our audit to you on a timely basis and present a summary of these significant matters and our conclusions in our audit findings report.</p>	Matters we will communicate	Audit plan	Audit findings
	Our responsibilities, and those of management and those charged with governance	✓	
	How our firm's system of quality management (SOQM) supports the performance of quality audit engagements and the conclusion on the evaluation of the SOQM	✓	
	Planned scope and timing of our audit	✓	
	Events or conditions that may cast significant doubt on the City's ability to continue as a going concern	✓	✓
	Expected form, timing and general content of our communications	✓	
	Matters related to our independence	✓	✓
	Changes to the planned scope and timing of our audit	✓	✓
	Significant difficulties, if any, encountered during the audit	✓	✓
	Significant findings from the audit, including uncorrected audit misstatements and significant control deficiencies		✓
	Significant matters discussed or subject to correspondence with management, and written representations we are requesting		✓
	Circumstances that affect the form and content of our auditor's report		✓
	Any other matters we consider relevant to those charged with governance		✓

✓ Communicated in our audit plan

✓ Expected to be communicated in our audit findings, if applicable



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# OAG Reports Recently Tabled in Parliament

The OAG have recently tabled in Parliament the following reports which you may wish to review as the recommendations may have relevance to your entity. All reports are available from the OAG website – [www.audit.wa.gov.au](http://www.audit.wa.gov.au)



## Local Government 2025 Information Systems Audit

The objective of the general computer controls (GCCs) audits is to determine whether computer controls effectively support the confidentiality, integrity, and availability of information systems across Local government entities. The OAG reported 333 general computer control weaknesses to 68 entities. Majority of weaknesses (60% were unresolved issues from prior years.



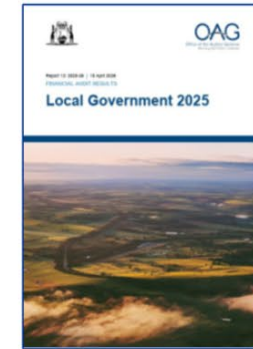
## Audit Practice Statement 2025

The Audit Practice Statement offers a concise summary of why we audit, who we audit and how we audit. It also includes information on our ethical standards and commitment to audit quality. The statement was updated to reflect our new Strategic Plan 2025-30, including independence as a core value.



## Local government management of gifts and benefits

The audit assessed if local government entities are effectively managing gifts and benefits.



## Financial Audit Results 2025

This report reflects a new initiative to provide timely and relevant information to Parliament and other relevant stakeholders on the status of local government entities that did not meet the statutory reporting deadline of 31 December 2025. This report lists the nine local governments entities that did not meet the deadline, and the reasons identified by auditors for these delays.



[kpmg.com/socialmedia](https://kpmg.com/socialmedia)

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