

Hon. Hannah Beazley BA MLA
Minister for Local Government; Disability Services;
Volunteering; Youth; Gascoyne
Dumas House
2 Havelock Street
West Perth WA 6005

By email: Minister.Beazley@dpc.wa.gov.au

Dear Minister Beazley

Office of The Auditor General – Local Governments Management of Purchasing Cards – Larger Metropolitan Entities.

The City of Cockburn along with five other larger metropolitan local governments were selected by the OAG to undergo a performance audit to assess if the entities effectively manage the issue, use and cancellation of purchasing cards. This performance audit ran from December 2024 to May 2025.

The Office of the Auditor General found gaps and weaknesses in all areas of purchasing card management at these entities. However, there was no evidence found on cards or funds being mishandled.

There was a total of seven findings for the City from the OAG performance audit identified, and a significant matter for **Inadequate policy guidance on allowable and reasonable business use**, In accordance with section 7.12A (4) of the Local Government Act 1995, this letter will address the City's response and action taken on the matter.

Response to Significant Matter

The City disagrees with the rating of this finding as significant. The City does not consider that there are any samples of concern and has committed to reviewing its policies as per the guidance from the Office of the Auditor General

The City accepts that its Policies and Procedure could provide better guidance on reasonable business use expenditure on items such as entertainment, alcohol, meals and gifts.

OAG Significant Matter Recommendation:

The City should develop and implement clear policy guidance on what is allowable and reasonable business use expenditure on items such as entertainment, alcohol, meals and gifts.

Actions taken to address significant finding

Considering the Office of the Auditor General guidance, the CEO recommended to Council that they defer the consideration of its review of the Civic Hospitality and Gifts Policy which was due for consideration in May 2025. 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 presented a revised Civic Hospitality and Gifts Policy on the 17 June 2025 to the Governance Committee Meeting and was adopted by Council on the 8 July 2025. The revised Policy provides for significant guidance on appropriate business expenditure on items such as alcohol, meals, entertainment and gifts.

Other Relevant Information

In addition 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 Office of the Auditor General, 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 on appropriate control measures that the City has in place or proposes implementing as opportunities for improvement.

Prior to the Office of the Auditor General conduction the performance audit to assess if the entities effectively manage the issue, use and cancellation of purchasing cards, the Audit, Risk and Compliance committee had the City engage Paxon Group to undertake an internal audit of credit cards and purchasing cards. This final report was completed and submitted to the ARC Committee on 18 March and the findings align with the Office of The Auditor General findings.

The City had been in the process of implementing the findings of the Paxon Group Internal Audit prior to the receiving the outcome of the performance audit from the Office of the Auditor General.

Other OAG Recommendations

The table below provides an overview of the other recommendations provided by the Office of the Auditor General and the comments and action taken.

Recommendation	City Comment
<ul style="list-style-type: none"> Report purchasing card transactions more transparently to council to enable better scrutiny of how public money is being spent. 	<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>
<ul style="list-style-type: none"> Have suitable controls in place to manage the issue and timely cancellation of purchasing cards. 	<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>
<ul style="list-style-type: none"> Review and approve purchasing card transactions in a timely manner. 	<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>
<ul style="list-style-type: none"> Keep proper records of the review and approvals of purchasing card transactions and card cancellations. 	<p>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.</p> <p>Action has been completed</p>

<ul style="list-style-type: none"> 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. 	<p>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.</p> <p>Action has been completed</p>
--	---

The City thanks the Office of the Auditor General for undertaking the performance audit and has implemented the finding as outlined above.

If you have any queries, please don't hesitate to contact the undersigned.

Yours Sincerely



Carissa Bywater

Acting Chief Executive Officer