The Council of the City of Cockburn

Audit Risk and Improvement Committee
[1]Amended Agenda

Tuesday, 22 September 2026

[1] Item 11.2.3 Attachment 2 removed and added to Item 11.2.1 as Attachment 2

Audit Risk and Improvement Committee Meeting
6pm, Tuesday, 22 September 2026

Page

Agenda

Committee Membership
Presiding Member S Zulsdorf
Deputy Presiding Member L Estrade
Cr K Allen
Deputy Mayor P Corke
Cr C Reeve-Fowkes
Cr H Srhoy
Cr C Stone
Cr T Widenbar
Cr C Zhang

1. Declaration Of Meeting

Acknowledgement of Country
The City of Cockburn acknowledges the Nyungar people of Beeliar Boodjar. Long ago, now and in the future they care for Country. We acknowledge a continuing connection to Land, Waters and Culture and pay our respects to the Elders, past and present.

2. Appointment of Presiding Member

N/A

3. 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

5. Apologies and Leave of Absence

Apologies
Cr Kevin Allen
Mr D Simms, Chief Executive Officer

6. Public Question Time

7. Confirmation of Minutes

7.1 Minutes of the Audit Risk and Improvement Committee Meeting - 26/5/2026

Recommendation
That Committee confirms the Minutes of the Audit Risk and Improvement Committee Meeting held on Tuesday, 26 May 2026 as a true and accurate record.

7.2 Minutes of the Special Audit Risk and Improvement Committee Meeting - 25/8/2026

Recommendation
That Committee confirms the Minutes of the Special Audit Risk and Improvement Committee Meeting held on Tuesday, 25 August 2026 as a true and accurate record.

8. Deputations

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

11 Reports - CEO (and Delegates)

11.1 Corporate and System Services

11.1.1 Financial Audit Results – Local Government 2025 (Office of the Auditor General)

Executive	Director Corporate and System Services
Author	Chief Financial Officer
Attachments	1. Local Government 2025 - Financial Audit Results ⇩

Recommendation

The Committee recommends Council RECEIVES the Office of the Auditor General's report on Local Government 2025 - Financial Audit Results.

Background

Responsibility for conducting financial audits of all local government entities rests with the Office of the Auditor General (OAG). For the 2024-25 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, Local Government 2025 - Financial Audit Results, (the report) was tabled in Parliament on 15 April 2026.

The OAG is required by legislation 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.

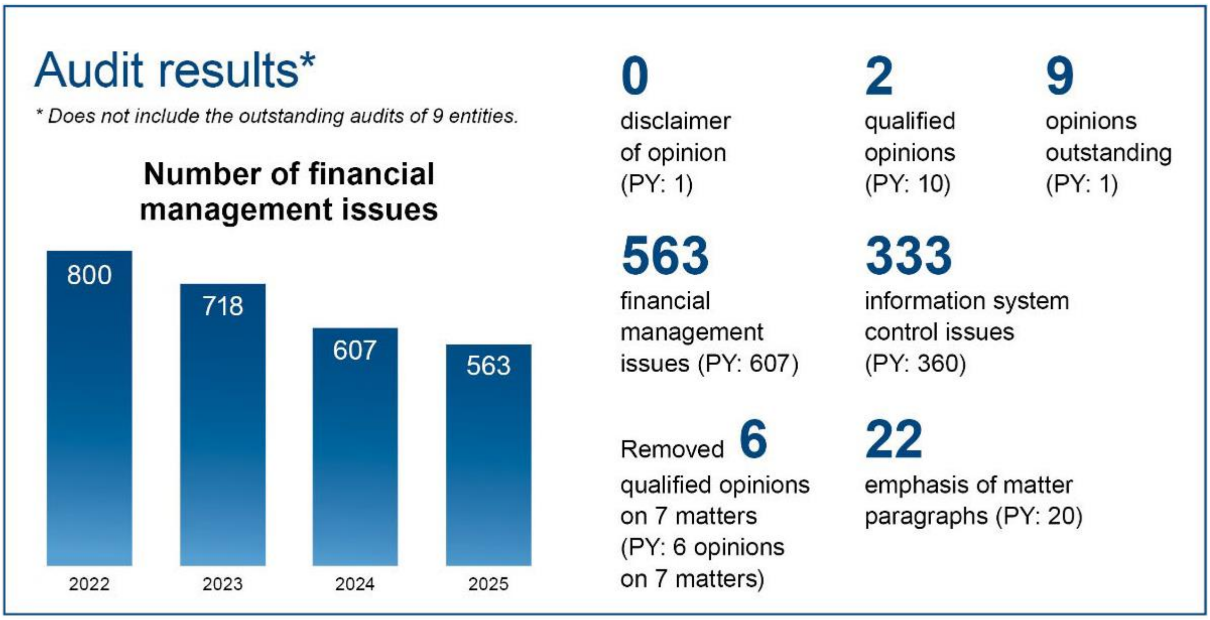
Submission

N/A

Report

The report summarises the results of financial audits for 138 of the 147 local government entities for the year ending 30 June 2025. It also includes the finalised results of 11 audits outstanding at the time of the Local Government 2023-24 Financial Audit Results report. This marks the fourth 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 ten to two, and financial management findings declined by 7.2% compared to the previous year.



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.

The City of Cockburn’s 2024-25 financial audit was completed within the timeframe agreed with the OAG, and the City received a clear audit opinion. The City was also recognised by the OAG as one of its top 10 Band 1 and 2 entities for financial reporting practices.

One minor financial management finding was identified, a reduction from the previous year. An enhanced year-end review process has been implemented to address the finding. Overall, the audit reflects a strong outcome for the City, including a clear audit opinion, timely reporting, and an audit ready financial report

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. Earlier submission is encouraged. CEO certification should indicate that management and those charged with governance are satisfied the financial report is complete, accurate and supported by underlying work papers. Supporting work papers and reconciliations should be available when financial reports are lodged. All content should be error free	The City agrees with this recommendation and continues to demonstrate steady improvement in the quality of its draft financial reports submitted for CEO sign off and audit by 30 September. This improvement is reflected in the City's recognition as a best practice entity among the OAG's top 10 band 1 and 2 entities.
b. Communicate to the auditor their assessment of the significance of errors and determine whether adjustments are required. Entities should also analyse the root cause of identified errors.	Consistent with the same recommendation made last year, the City agrees and remains committed to continuous improvement. This is demonstrated by its track record of addressing previous errors and adjustments in consultation with the auditor demonstrates this commitment.
c. Communicate delays to financial report submission early to minimise disruptions and enable effective resource allocation. Flexibility may be required when rescheduling audits.	Not applicable. The City consistently meets all required reporting submission deadlines.
d. evaluate opportunities to submit financial reports earlier for audit.	The City manages several complex accounting matters requiring significant year-end review, including the landfill rehabilitation valuation. While annual financial reporting deadlines are consistently met, sufficient time is required to ensure the financial statements are accurate, complete and appropriately reviewed prior to submission for audit. Opportunities to streamline processes and bring year-end processes will continue to be explored where practicable.

e. Exercise greater flexibility around committee and council meeting times.	Committee and Council meeting dates are set well in advance to support statutory reporting requirements, venue availability, elected member commitments and operational planning. Accordingly, there is limited flexibility to amend meeting dates or times once the annual meeting calendar has been adopted.
f. Ensure council attend audit entrance and exit meetings with the audit, risk and improvement committee, or that an appropriate delegation is in place. Audit entry and exit meetings are not intended to be part of public proceedings, but are undertaken to communicate audit plans, timeframes and findings with relevant entity staff and committee members.	Not applicable. Appropriate delegates attend the entrance and exit meetings on behalf of the City.

Strategic Plans/Policy Implications

<u>Listening & Leading</u>
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 supports continuous improvement in the City's financial management, reporting, and governance controls.

Advice to Proponent(s)/Submitters

N/A

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

Nil

Office of the Auditor General
Serving the Public Interest

Report 13: 2025-26 | 15 April 2026

FINANCIAL AUDIT RESULTS

Local Government 2025

Office of the Auditor General for Western Australia

Audit team:
Grant Robinson
Kellie Tonich
Tamara McCarthy
Financial Audit teams
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.

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/khanhnguyenpictures

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Local Government 2025 – Financial Audit Results

Report 13: 2025-26
15 April 2026

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THE PRESIDENT
LEGISLATIVE COUNCIL

THE SPEAKER
LEGISLATIVE ASSEMBLY

LOCAL GOVERNMENT 2025 – FINANCIAL AUDIT RESULTS

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

The report summarises the final results of our annual audits of 138 of 147 local government entities for the year ended 30 June 2025.

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.

Caroline Spencer
Auditor General
15 April 2026

Contents

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Auditor General's overview

This report summarises the results of our annual financial audits of 138 local government entities for the financial year ended 30 June 2025. It also includes results from 11 of the 12 audits outstanding at the time of the *Local Government 2023-24 – Financial Audit Results* report, which have since been finalised.

In 2025, we issued 136 clear audit opinions. Pleasingly, the number of audit qualifications has continued to decrease, with only two of the 138 entities included in this report for 2025 receiving qualified opinions. Of continuing concern is the quality of financial reports submitted for audit. The value of current year errors and the number of prior period errors increased largely as a result of issues linked to property and infrastructure assets. As my office has recommended over successive years, the sector required guidance to support a consistent understanding of valuation obligations and to improve valuation practices generally. So, it is pleasing that the Department of Local Government, Industry Regulation and Safety (LGIRS) recently published this guide on 5 March 2026 which entities can utilise in 2026.

Approximately 33% of entities provided five or more versions of their financial report to my audit teams, with one entity providing 19 versions. As I've said before, this signals a need for greater care and capability in financial reporting. Multiple revisions create delays, cost time and resources and reflect gaps in quality assurance processes. This requires priority attention by entities affected.

This year, for the first time, the online version of this report will include an interactive map graphic to provide insight on our assessment of entity performance from the perspective of financial management control issues raised. This is a useful tool for stakeholders to compare the performance of their local government to those in the surrounding areas or bands. Further, this analysis shows pockets of concerning performance and inability to meet statutory deadlines. We will update this map each year, with the view to showing year on year comparatives.

Of the audits delayed in 2024, four stand out: City of Nedlands, Shire of Coolgardie, Shire of Halls Creek and Shire of Yalgoo. These audits, in conjunction with other delayed audits in 2025 or prior years, were motivating factors behind issuing my recent *Status of Local Government Audits* report[1]. The added public oversight of audit delays is intended to improve timeliness.

This year my team performed some financial health analysis around entities' ability to meet their short-term payment obligations (current ratio) which shows numerous entities facing financial pressure (Appendix 9). Four entities had a ratio of less than one, meaning their current liabilities exceeded their current assets and they may not be able to pay their debts as and when they fall due. The four entities were the: Shire of Coolgardie, Shire of Derby-West Kimberley, Shire of Irwin and Shire of Victoria Plains. The sector-average current ratios continue to decline as do the median ratios. This reflects a sector declining in its ability to meet short-term financial obligations. Our opinion on the Shire of Coolgardie's 30 June 2024 financial report included a material uncertainty related to going concern, indicating that the Shire's ability to continue its financial operations (that is, its financial viability) was not assured. While these concerns were known to my office, they were not publicly disclosed until the Shire's audit report was issued in June 2025. Earlier intervention by councillors and CEOs, and failing that the LGIRS, the Local Government Inspector or the Minister is needed for entities in financial difficulty or crisis.

[1] Office of the Auditor General, *Status of Local Government Audits 2025*, OAG website, 28 January 2026.

It is pleasing to see the sector respond positively to our request to bring audit delivery forward by being audit ready however, there remains opportunities for improvement. The spike in issuing audit opinions (Figure 1) is not sustainable and requires all entities to prepare for earlier completion, thereby enabling more timely reporting to all key stakeholders.

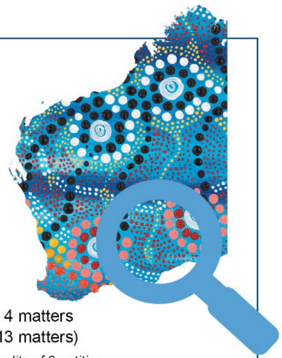
Our advocacy work with entities and LGIRS in relation to legislative reforms has helped reduce certain review requirements for entities, without reducing transparency or accountability. This was a welcome change via the local government legislative reform. It was pleasing to see how responsive LGIRS were to suggestions, and I appreciate their engagement with my office.

Finally, in response to sector feedback, we have refined our best practice entity reporting approach this year. To better reflect the diversity of local government entities, we have aligned our assessment to the WA Local Government banding model[2]. Stakeholders indicated that evaluating best practice at a sector-wide level was less meaningful, and that introducing a level of segmentation would provide clearer and more relevant insights. This change ensures our reporting is more comparable, equitable, and reflective of the unique operating environments within local government. I congratulate those entities recognised as best practice for 2025.

My sincere thanks also to entities, my staff and our contract audit firms for their continued diligent efforts in delivering timely reliable local government financial reports and audits for the Western Australian community.

[2] In Western Australia, local governments are classified into four bands based on the determination of the Salaries and Allowances Tribunal. These bands are used to determine the maximum and minimum number of council members based on the population of the local government district. The classification of local governments into these bands is a key aspect of the *Local Government Act 1995* and is subject to change with new regulations and amendments.

2025 local government reporting cycle at a glance



147 local government entities (PY: 147)

138 audits finalised and the results included in this report (PY: 146)

0* disclaimer opinion (PY: 1)

2* qualified opinions on 4 matters (PY: 10 opinions on 13 matters)

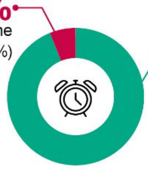
** Does not include the outstanding audits of 9 entities.*

We audited **$5.6 billion** of local government revenue (PY: $5.4 billion)

We audited **$60.7 billion** of total local government sector assets (PY: $59.8 billion)

Timeliness

Audit completion

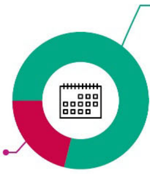


6.1% Not on time (PY: 8.2%)

93.9% On time (PY:91.8%)

Audits completed within the prescribed period (by 31 December 2025)

Submission of audit ready financial statement



78.9% On or before 30 September (PY:78.9%)

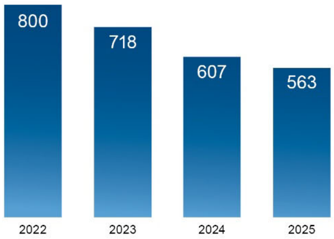
21.1% After 30 September (PY: 21.1%)

PY: prior year

Audit results*

* Does not include the outstanding audits of 9 entities.

Number of financial management issues



0 disclaimer of opinion (PY: 1)

2 qualified opinions (PY: 10)

9 opinions outstanding (PY: 1)

563 financial management issues (PY: 607)

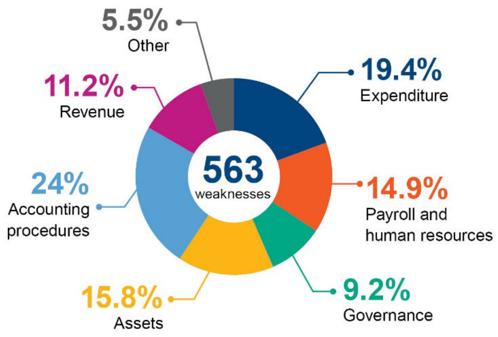
333 information system control issues (PY: 360)

Removed **6** qualified opinions on 7 matters (PY: 6 opinions on 7 matters)

22 emphasis of matter paragraphs (PY: 20)

Financial and management weaknesses

The 138 entities with finalised audits had:



Financial reporting, accountability and audit matters

Quality and timeliness of financial reporting (page 11)

Assets (page 21)

Financial health (page 25)

OAG insights (page 29)

Review of the 2025 financial year

What we did

Our financial audit program is performed under the related Auditing and Assurance Standards Board standards. Our focus is on ensuring the accuracy of an entity's annual financial statements. This report summarises the results of the financial audits of local government entities for the year ended 30 June 2025. It includes the results for 138 of 147[3] entities (Appendix 1), with the remaining nine entities included in our *Status of Local Government Audits 2025* report[4]. Appendix 1 also includes opinion types by local government band to enable entities to compare their own results.

Summary of audit opinions

For the financial year ended 30 June 2025, we issued clear opinions for 136 entities by 31 December 2025, and two audit opinions were qualified. We included 22 emphasis of matter (EoM) paragraphs in the auditor's reports of 22 entities. We also issued 11 audit opinions for entities from previous financial years.

Audit year	2024	2025
Number of entities subject to OAG audit	147	147
Number of entity audits included in results report	135	138
Number of entity audits included in updated statistics	146	N/A
Clear (unqualified) audit opinions	135	136
Qualified opinions	10	2
Disclaimer of opinion	1	0
Material uncertainty related to going concern	2	0
Emphasis of matter paragraphs	20	22

Source: OAG

Table 1: Audit results for the past two years

Entities that did not make the 2024 results report cut-off included in this report

At the cut-off date of this report, with the exception of the Shire of Yalgoo, all entities outstanding in the *Local Government 2023-24 – Financial Audit Results* report have now been finalised. While many of these entities received clear 2024 audit opinions, this may not have been the case had the audits been completed on time. The delays with these audits were mostly to give entities time to provide more evidence and correct their financial report. Delays in audits present significant inefficiencies, cost impacts and resourcing pressures on audit teams.

Disclaimer removals

Following a disclaimer of opinion, we generally qualify the comparability of the current year's financial results with the prior year, as the prior year figures were not audited and may be incorrect. Further, when an entity restates figures from a disclaimer year, and they cannot be

[3] 31 December 2025 is the statutory deadline for local government entities to complete their audits and is used as the statistics cut-off date for this report.

[4] Office of the Auditor General, *Status of Local Government Audits 2025*, OAG website, 28 January 2026.

audited, another related qualification is issued. These qualifications alert users to exercise care when comparing the two years.

The 2024 audit reports for the City of Nedlands and Shire of Halls Creek (issued during 2025) featured disclaimer removals, as did the Shire of Toodyay's 2025 audit report.

The City of Nedlands 2024 audit report contained one qualification on comparability as the prior year numbers could not be audited.

The Shire of Halls Creek 2024 audit report contained three qualifications:

- one was on comparability as the prior year restated numbers could not be audited
- a related qualification, the current year disclosure note on the restated numbers could not be audited
- a third qualification for not valuing other infrastructure assets at 30 June 2022 or 2023.

The Shire of Toodyay 2025 audit report contained three qualifications:

- two were as per the Shire of Halls Creek, comparability of restated numbers which could not be audited, and the related disclosure note
- a third qualification was for unreconciled amounts in cash and cash equivalents.

Full details of the qualifications issued for these three entities can be seen in Appendix 4.

Two qualified opinions

The Shire of Boyup Brook and the Shire of Toodyay were the only entities to receive qualified audit opinions in 2025. This represents a decrease compared to 2024, which recorded 10 entities with audit qualifications out of 146 completed audits. We expect there will be more audit qualifications to come from the nine entities that did not meet their statutory deadline.

The two qualified entities in 2025 had four qualification matter paragraphs, two of which relate to prior year disclaimed opinions (refer above: disclaimer removals). The audit qualifications are included in Appendix 4.

Emphasis of matter paragraphs (EoM)

In 2025, we included 22 EoM (Appendix 5) paragraphs in 22 entity audit reports which is relatively on par with the 20 EoM paragraphs included in 20 reports the prior year. We expect the number of EoM's to increase as the outstanding nine 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 (2025: 16 entities) (2024: 16 entities)
- the basis of accounting used by the entity (2025: 2 entities) (2024: 1 entity)
- investment in associates (2025: 4 entities) (2024: 0).

This year we refined our use of EoM paragraphs relating to prior period errors. Auditing standards allow judgement in this area. We now only include an EoM where errors are deemed fundamental to users' understanding of the financial report. This ensures EoMs highlight to users what is essential for their consideration. While the number of EoM paragraphs this year is similar to 2024, all 2025 errors were serious enough to impact users' understanding of the financial report. This is more concerning, especially as the number would have been higher without our refined EoM approach.

We have a section of this report dedicated to prior period errors, refer to the prior period errors section. A full description of EoM paragraphs is included in Appendix 5.

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. Essentially, if an entity can fund their continuing operations, they are considered to be able to continue as a going concern.

This applied to the Shire of Coolgardie's 30 June 2024 financial position. This audit was not finalised until June 2025 and therefore it was not included in our *Local Government 2023-24 – Financial Audit Results* report[5]. The audit had challenges largely stemming from the Shire's financial situation and resourcing issues.

The material uncertainty related to the Shire's ability to continue as a going concern, as it had incurred a net loss of $4.6 million for the year ended 30 June 2024. At that date, the Shire's current liabilities exceeded its current assets by $14.2 million and the unrestricted cash balance was overdrawn by $934,000. The Shire disclosed these details along with options available to them to navigate their way through these challenges in a note to the financial statements.

The Shire's 30 June 2025 audit report did not include a material uncertainty related to going concern. A case study of the Shire's financial health is included in the section on financial health of local governments.

Provision of quality financial reports enables timely financial reporting

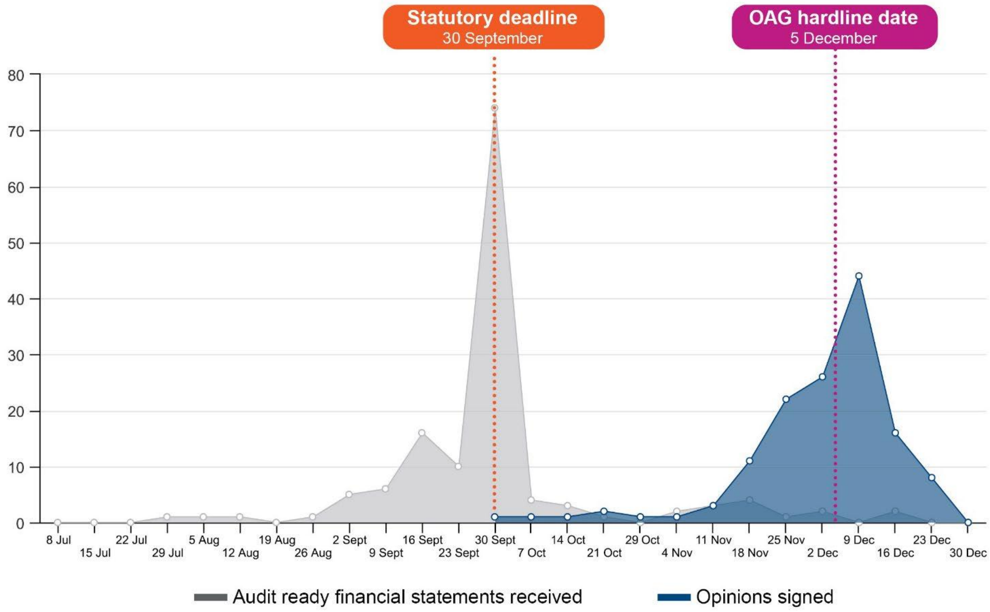
Provision of financial reports

While 84% of the 138 local government entities included within this report provided their financial report by the legislated deadline of 30 September 2025, 54% of entities provided their financial report during the week of the deadline. One-third of entities provided their financial report to the auditors on the deadline. This can be seen in the clear spikes in Figure 1 which suggests entities may be aiming for legislative compliance rather than better practice. Similarly, there is a peak in the number of audit opinions issued at the date of our hardline initiative[6], on 5 December for 2025. In the week ended 5 December 2025 we issued approximately a third of the 138 opinions included in this report. Again, this represents compliance rather than better practice. To encourage sector-wide uplift and a culture focused on improvement, we encourage entities to access our suite of better practice and audit readiness tools to assist them in earlier financial reporting.

An audit-ready financial report is the starting point for a financial audit, without this, auditors are unable to commence their work in earnest. Also of concern is the accuracy of the financial reports provided. Only 6% of entities required no adjustments to their financial report. The remaining entities needed to make adjustments to their financial report, indicating a lack of quality. Further details on audit adjustments are included in the quality section of this report.

[5] Office of the Auditor General, *Local Government 2023-24 Financial - Audit Results* , OAG website, 24 April 2025.

[6] Our hardline initiative is focused on improving the quality and timeliness of financial reports and associated workings provided for audit. As part of the approach, we will no longer wait until the entity is ready if key information and people are not reasonably available within the agreed schedule. Instead, we will issue our audit opinion on the information available, even if this results in a qualified audit opinion.



Source: OAG

Figure 1: Financial reports received and audit completion dates by week

Timeliness of reporting

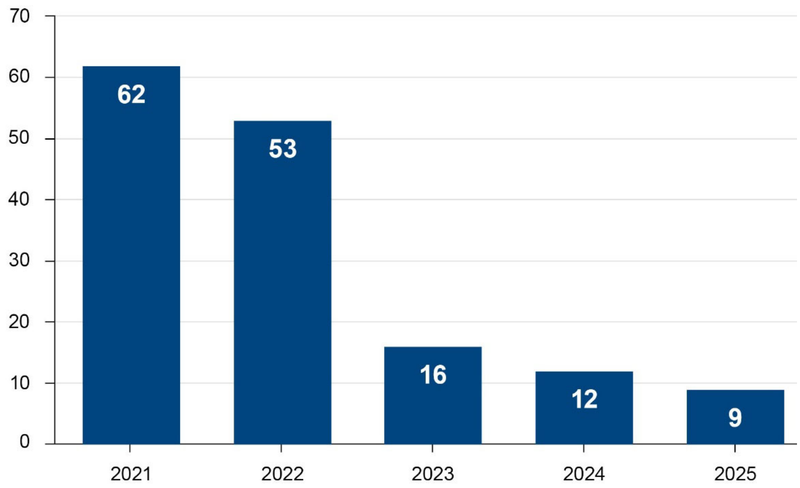
More opinions meeting statutory deadlines

For the first time, we issued a standalone report on the timeliness of local government audit opinions[7]. This new reporting initiative increases transparency, to Parliament and the community, on entity financial report progress and reinforces our commitment to issuing all audit opinions by 31 December, in line with legislated timeframes.

In 2025, 94% of local government audit opinions were issued by the statutory deadline, a continued improvement on prior years. We anticipate further improvement in 2026, with the long-term aim that all audits are completed well within the required timeframe.

Since 2023, we have provided entities with an early December target date, previously referred to as the OAG hardline initiative, to support earlier audit completion and reduce the risk that minor delays push audits beyond 31 December. For the 2025 cycle, this date was 5 December. This initiative has contributed to a significant reduction in the number of audits outstanding at 31 December, as shown in Figure 2.

[7] Office of the Auditor General, *Status of Local Government Audits 2025*, OAG website, 28 January 2026.



Source: OAG

Figure 2: Number of audits outstanding at 31 December for the last five years

For the nine outstanding audits included in the *Status of Local Government Audits 2025*[8] report in January 2026, the only substantive change is for the Shire of Yalgoo with their 2023 and 2024 audits now finalised, and the Shire of Dalwallinu with their 2025 audit now finalised. For both 2023 and 2024 the Shire of Yalgoo's audit opinions were qualified in respect of:

- bank reconciliation issues
- accrued income recoverability
- valuation of infrastructure asset (roads) not being undertaken.

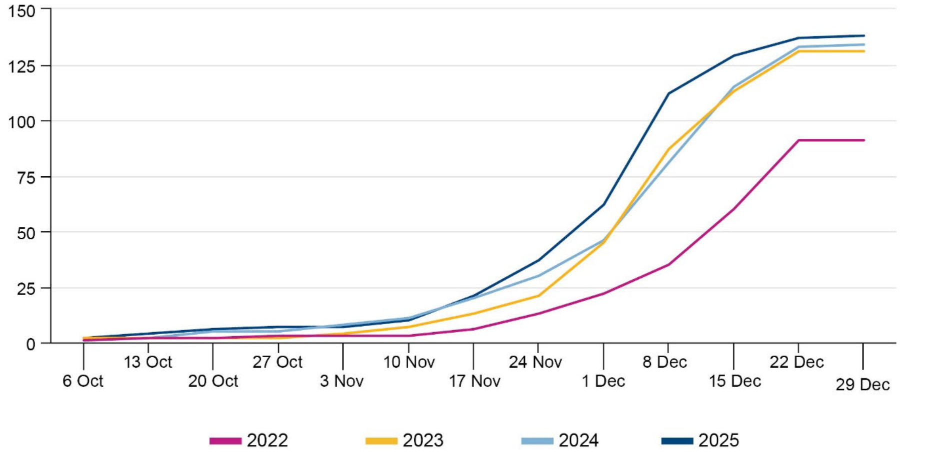
Despite delayed lodgements in 2024 the following entities, through appropriate commitment and resolve, successfully addressed the contributing issues and met the statutory deadline in 2025:

- City of Greater Geraldton
- Shire of Bridgetown-Greenbushes
- Shire of Collie
- Shire of Coolgardie
- Shire of Dundas
- Shire of Nannup
- Shire of Toodyay (last met the statutory deadline in the 2020 financial year)
- Shire of Wickepin
- Town of Cottesloe.

[8] Office of the Auditor General, *Status of Local Government Audits 2025*, OAG website, 28 January 2026.

Overall Progress is positive, but audit bottleneck continues

Figure 3 shows that 2025 was ahead of previous years in terms of number and timing of opinions issued. While the improvement in timeliness is encouraging, there continues to be a bottleneck of audit opinions being issued in December.

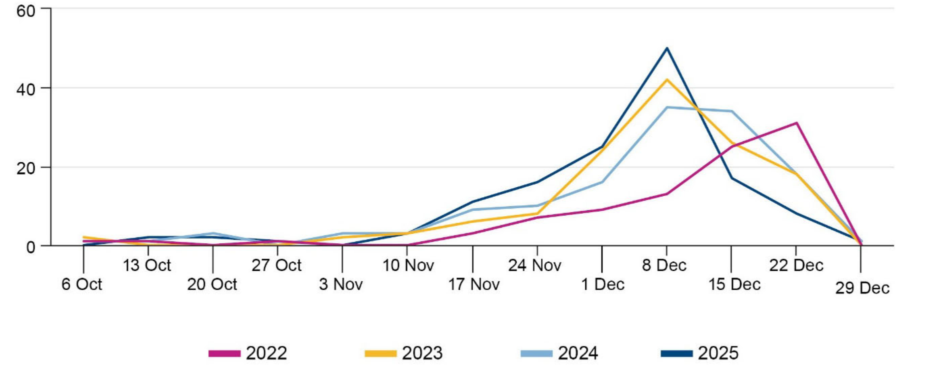


Source: OAG

Figure 3: Cumulative opinions issued from October to December for 2022 to 2025

We are pleased with the sector successfully responding to our efforts to bring audit delivery forward before the 31 December deadline, although there remain opportunities for improvement. There is concern that entities treat our hardline initiative date as their target for receiving an opinion. There were 58% of 2025 local government opinions issued in December, with 33% of opinions issued during the week ended 5 December 2025. The clear spike in opinions issued around this date is shown in Figure 4.

This spike in issuing opinions is unsustainable. Looking forward we want to see entities preparing for earlier audit completions to create a smoother curve of opinions being issued, rather than a sharp spike. This would enable earlier reporting by entities to their ratepayers and have the added benefit of reducing the pressure on finance teams and auditors.



Source: OAG

Figure 4: Opinions issued per week 2022 to 2025

Quality

Good quality financial reports are accurate, clear and complete.

Errors and the number of versions of the financial report submitted to audit are indicators of the quality of financial operations of an entity. Both are indicative of a weakness in an entity's financial report preparation process. It creates additional effort, both internally for the entity and for the auditor, which leads to increased costs (internally and audit fees).

Prior period errors are increasing

A prior period error is a significant misstatement or omission, made by an entity in previous financial years, identified during the current year. It is usually corrected retrospectively by restating the opening balances in the financial statements. Entities with prior period errors have increased by 13% from 2024, with the 2025 numbers subject to increase as the nine outstanding audits are finalised. Many errors relate to asset accounting.

Common themes were:

- found assets
- valuation errors
- duplicate assets.

The growth in prior period errors and continued presence of asset related errors demonstrates a need for entities to focus on improving their asset accounting processes. As revaluations are only required every five years, many entities are in the outer year of a valuation cycle. We expect these errors could get worse in a valuation year.

A compounding issue with prior period errors, once identified, is that many entities are unsure how to correctly account for and disclose these errors in their financial reports. This contributes to inconsistent treatment across the sector and increases the level of auditor involvement required to resolve the matters.

Financial report versions still too high

On average we received four versions of an entity's financial report in 2025, similar to 2024. While the proportion of entities with only one version of the financial report prior to finalisation has increased to 6% (3% in 2024), this proportion is insufficient.

Approximately 33% of entities provided five or more versions of their financial report to audit, which is consistent with the previous year. We consider five or more versions of a financial report to be excessive, and indicative of a lack of financial management and reporting expertise and audit readiness by entities. One entity was a concern with 19 versions of their financial report provided to audit. This is an increase from 2024 where one entity had 16 versions for their financial report before finalisation.

Each version of the financial report provided to auditors needs to be reviewed, compared to previous versions with changes being queried and validated. All of which increase audit hours and costs. Entities should be aiming for one to two versions of their financial report. Any more than this indicates inadequate quality review processes in the preparation of the report.

Value of errors increase in 2025

The number and value of adjustment errors made to financial statements increased in 2025.

Errors are identified during the audit process, and we advise entities of those that are more than clearly trivial. Material errors must be corrected to avoid a potential modified opinion, while immaterial errors may be left unadjusted where they do not affect the fair presentation of the financial report.

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
2025	98	301	$674,314,611	55	125	$43,987,252	426	$718,301,863
2024[9]	100	297	$393,532,137	63	137	$58,713,391	434	$452,245,528
2023	100	285	$1,125,288,333	59	104	$69,157,705	389	$1,194,446,038
2022	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

Entities should exercise discretion when considering adjustments for immaterial errors. While these smaller errors may not affect the fair presentation of the financial report, processing and validating them consumes time and resources.

Entities need to strike a balance between the overall objective of presenting a fair financial report and the additional effort required to process adjustments. Each adjustment not only increases the entity's workload but also requires auditors to perform further validation and review additional versions of the financial report, increasing audit time and cost, and resulting in delay for both parties.

While the overall number of errors for 2025 appears relatively consistent with 2024, we expect this to increase once the nine outstanding audits are finalised.

The Shire of Toodyay and Town of Claremont had the equal largest number of adjusted errors in 2025, with 10 errors each. The Shire of Toodyay adjusted errors amounting to $10.3 million, whilst the Town of Claremont's adjustments amounted to $38.9 million. Two other entities were significant outliers due to the value of their adjustments:

- The City of Albany undertook infrastructure valuations (internally) for the 2025 financial year that indicated an increase in value of infrastructure assets of $148 million, which was recorded. However, the valuation was unable to be relied upon for audit purposes as it lacked sufficient supporting evidence. Accordingly, the revaluation adjustment was subsequently reversed.
- The City of Swan recorded $75.6 million across two adjustments to correct their works in progress (WIP) balance as disclosed in the note:
  - $18.5 million of property, plant and equipment (PPE) additions were incorrectly classified as transfers from WIP
  - $57.1 million in infrastructure additions were incorrectly classified as transfers from WIP.

  These changes only relate to the WIP balance and PPE disclosures and were not impacting the overall PPE balance in the statement of financial position.

These outliers contributed to the overall increase in value of errors; however, the uplift in error values is evident across the sector.

[9] 2024 numbers have been restated and are now inclusive of 11 entities which have been signed out since our *Local Government 2023-24 Financial Audit Results* report.

Best practice entities

This year we are reporting best practice entities in two categories:

- top 10 band 1 and 2 entities
- top 20 band 3 and 4 entities and regional councils.

This is a change from our prior reporting of a top 20 of all entities. The change better reflects differences, complexities and numbers of entities within the various bands. The number of entities in bands one and two makes up 30% of the total 147 local government entities. Bands three, four and regional councils make up the remaining 70%.

The criteria we rate entities on remains unchanged. We rate entities on their financial reporting practices against the following criteria:

- timeliness of CEO-certified financial report
- quality of financial report (including the number of errors identified)
- 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 achievers for 2025.

Best practice top entities	
Top 10 Band 1 & 2	**Top 20 Band 3, 4 and other entities**
• City of Belmont • City of Cockburn • City of Fremantle • City of Greater Geraldton • City of Rockingham • City of Vincent* • Shire of Mundaring* • Shire of Murray* • Shire of Northam • Shire of Wyndham-East Kimberley	• Murchison regional vermin council • Shire of Beverley* • Shire of Boddington • Shire of Chittering • Shire of Christmas Island* • Shire of Donnybrook-Balingup • Shire of Exmouth* • Shire of Gingin • Shire of Irwin* • Shire of Lake Grace* • Shire of Laverton • Shire of Menzies* • Shire of Nannup • Shire of Narembeen • Shire of Ngaanyatjarraku • Shire of Peppermint Grove • Shire of Three Springs* • Shire of Wagin • Shire of Waroona • Shire of Wyalkatchem

Source: OAG

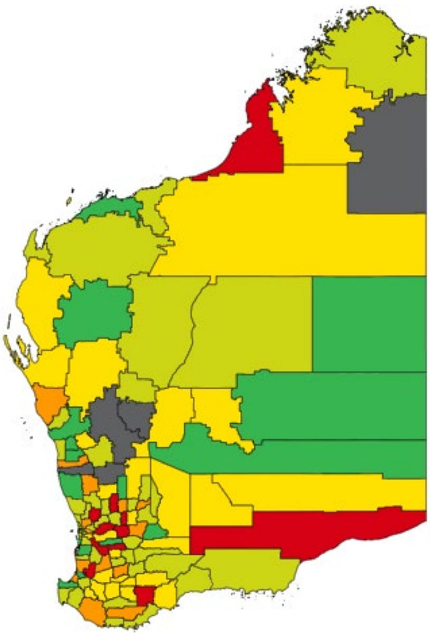
** Indicates entities which received best practice in the Local Government 2023-24 – Financial Audit Results report.*

Table 3: Best practice entities for 2025

Control weaknesses

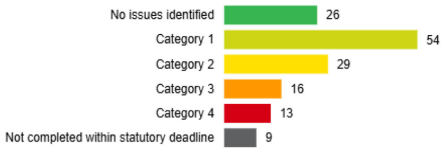
Improvements in overall control environment

An entity's control environment includes the governance and management functions as well as the attitudes, awareness and day-to-day actions that contribute to the internal control practices of importance to the entity. We reported a total of 896 control findings in 2025 which is a decrease from the prior year (967 control findings). These are made up of 563 financial management issues (2024: 607) and 333 information systems (IS) control issues (2024: 360).



For the first time in 2025 we have compiled an interactive map graphic to provide clear visuals on the comparative financial control performance of local governments. Figure 5 is only accessible via the online version of this report. This graphic can be filtered by WALGA region, local government band or metro or regional entities.

This is a useful tool for stakeholders to compare the performance of their local government to those in the surrounding areas. Further, this shows pockets of concerning performance and inability to meet statutory deadlines. We will update this map each year, with the view to showing year on year comparatives.



Source: OAG

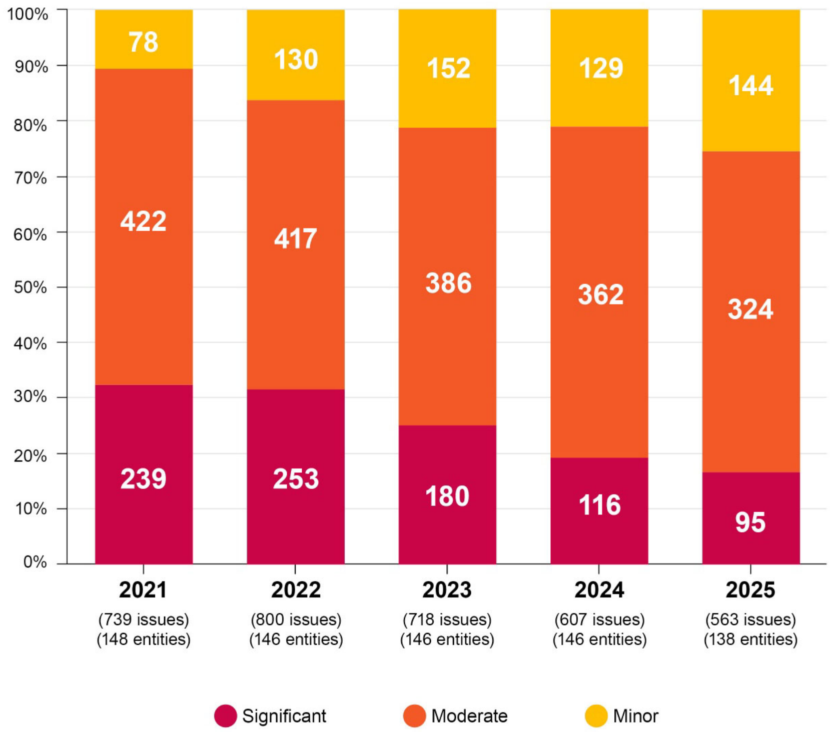
Figure 5: Entities by financial management control rating category

Our audits are primarily focused on controls that support the preparation of the financial report. A control environment with adequate systems, processes and people reduces the risk of error and fraud, and provides assurance to management, council and other stakeholders that financial reports are materially correct. We assess each entity's control environment during our risk assessment procedures. We report details of weaknesses identified through the audit process in the control environment to entities management and those charged with governance. The main themes of these weaknesses are discussed in further detail. We reported in detail the IS control findings in a separate report to Parliament.[10]

[10] Office of the Auditor General, *Local Government 2025 – Information Systems Audit Results report*, OAG website, 25 March 2026.

Financial management controls

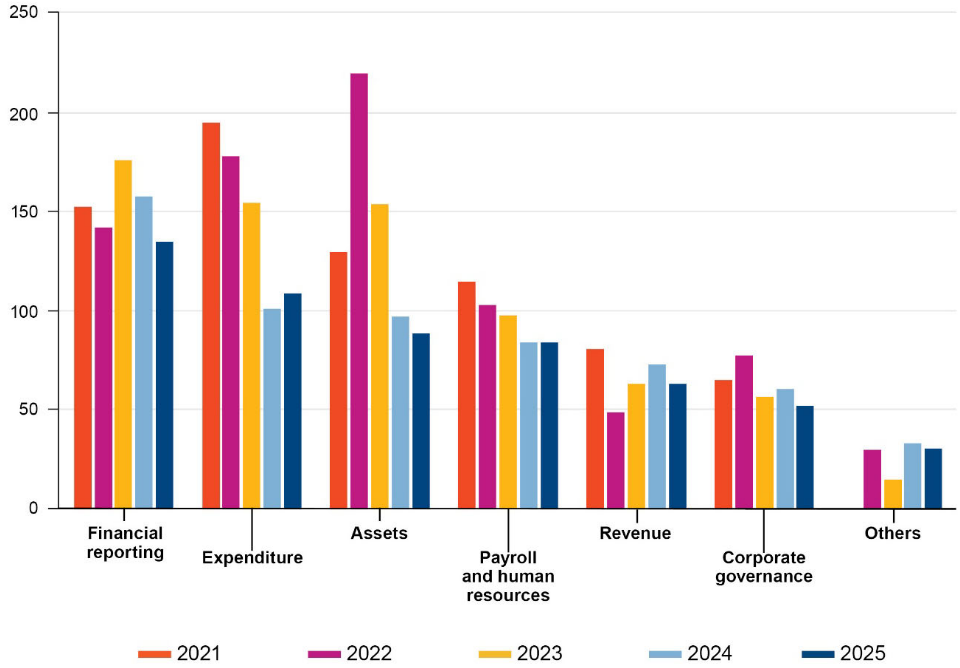
In 2025, management letter issues continued their downward trend, reducing from 607 in 2024 to 563. The number of entities with reported control weaknesses also decreased, from 130 in 2024 to 112 in 2025. The number of control weaknesses is expected to increase once the nine outstanding audits are finalised. The reduction was driven by fewer significant and moderate findings, though minor issues increased in both number and proportion as can be seen in Figure 6. Definitions of our finding risk ratings are included in Appendix 12.



Source: OAG

Figure 6: Proportion of control weaknesses reported to management in each rating category

The movement in findings by category was mixed for 2025, as seen in Figure 7. Financial reporting remained the largest area of concern, although the number of issues decreased slightly compared to 2024. Conversely, issues relating to expenditure increased modestly year on year. Other categories either decreased slightly or remained broadly consistent with 2024.



Source: OAG

Figure 7: Financial management control issues reported to entities by category

Financial reporting

We raised 135 issues (2024: 158 issues) across 70 entities (2024: 77 entities) relating to their financial reporting procedures. Of these issues, 49 were unresolved from the prior year and 14 were rated as significant.

- **Journal entries and reconciliations:** 27% of issues (36 issues) related to journal entries and general ledger reconciliations (excluding bank reconciliations). Journal entries are commonplace but present a high-risk area, as they adjust approved transactions. Key controls include appropriate review processes and segregation of duties between those who post and those who approve journals. Without these controls, the risk of error and fraud increases. Similarly, when finance system balances are not reconciled to sub-systems in a timely manner, errors within the financial report are more likely. These risks are further compounded when reconciliations are not appropriately reviewed. Importantly, these control weaknesses are readily addressed through the implementation of basic controls.
- **Policies and procedures:** 22% of issues (30 issues) related to policies and procedures, predominantly where they were outdated, not recently reviewed, or not implemented. Without up-to-date approved policies and procedures, staff may be unaware of council and management expectations regarding their responsibilities and the performance of key transactions and activities. This increases the risk of errors, fraud and non-compliance.
- **Bank reconciliations:** 16% of issues (22 issues) related to bank reconciliations. Bank reconciliations are a critical financial management control for all entities. As with

general ledger reconciliations, inadequate reconciliation processes increase the risk of errors and undetected fraud. This risk is heightened for bank reconciliations due to their direct connection to cash balances, which are more susceptible to misappropriation if controls are weak. We again found instances of basic reconciliations not being performed or reviewed in a timely manner, and reconciling items remaining long outstanding.

Preparation of an accurate financial report requires timely completion of reconciliations and high quality supporting working papers. These should be provided to auditors at the commencement of the audit. We expect the financial report to be reviewed by the CEO and council or the audit committee prior to submission, ensuring its completeness and accuracy. Following this review, the CEO should sign the financial report and submit it for audit. Guidance for entities is available in our better practice guides, accessible on our website[11].

Expenditure

We reported 109 expenditure weaknesses to 61 entities in 2025, compared with 101 issues to 64 entities in 2024. Of these 109 weaknesses, 33 were unresolved from the prior year and five were rated as significant. Poor procurement practices continue to be of concern, as they increase the risk of fraud and reduce the likelihood that entities achieve value for money. Entities need to ensure they have appropriate controls and processes in place that operate effectively to mitigate these risks.

- **Purchase orders:** As with previous years, we identified instances where purchase orders were raised after the invoice date and where entities did not seek an adequate number of quotes. Obtaining an appropriate number of quotes is an important control to ensure value for money. Purchases made without authorised purchase orders increase the risk of unauthorised spending. These issues accounted for 52% (57 issues) of all expenditure related findings.
- **Supplier master files:** Issues relating to supplier master files formed the second largest category of expenditure findings, representing 17% (19 issues). Strong controls over supplier master files are essential in preventing fraudulent payments. Where controls are weak, there is an increased risk that payments may be made to incorrect or fraudulent bank accounts.
- **Credit cards:** Credit card controls accounted for 16% (17 issues) of findings. We identified instances where credit card purchases were not supported by receipts, transactions were not appropriately reviewed or approved, and credit card policies were not complied with. This reflects non-compliance with policies and procedures and increases the risk of fraud.

Asset management

We identified 89 findings at 56 entities in 2025, compared with 97 findings at 57 entities in 2024. Of the 89 findings, 27 were prior year issues which remained unresolved, and eight were rated as significant.

- **Valuations:** Most asset management findings related to valuations, comprising 26% of issues (23 issues). This area was a key source of findings in 2023 but not in 2024. This fluctuation is partly due to the cyclical nature of valuations under local government regulations, which require entities to revalue assets every five years. Each year a different cohort of entities is due for revaluation, influencing the number and nature of findings identified.

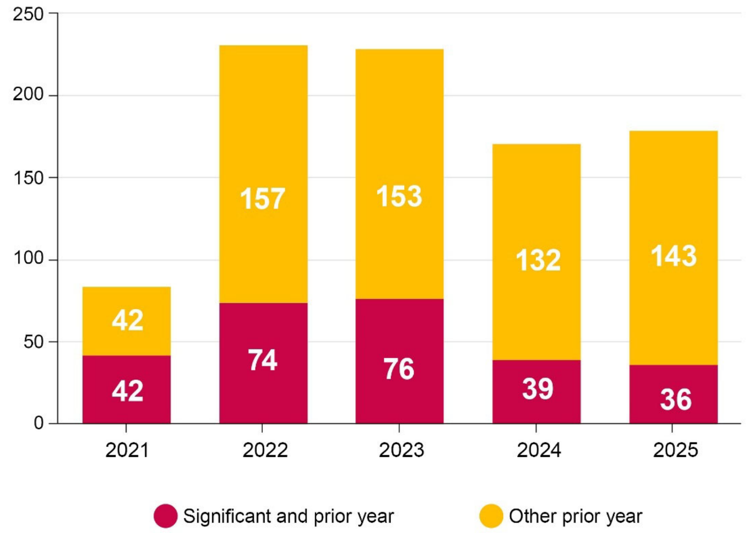
[11] Office of the Auditor General, *Better practice guidance*, OAG website, n.d., accessed 9 February 2026.

- **Capitalisation of works in progress (WIP):** The second largest category of asset management findings related to WIP, representing 20% (18 issues) in 2025. These findings generally related to late capitalisation of WIP, where assets were available for use or already in use, but were not depreciated. In some cases, errors involved assets from prior years that should have been transferred from WIP but were not, resulting in prior period errors.
- **Asset reconciliations:** Asset reconciliations were the third largest category, comprising 18% (16 issues). Reconciliations ensure that asset records are complete, accurate and aligned between the finance and asset systems. Where reconciliation processes are inadequate, entities risk losing track of assets or incorrectly recognising them, which can affect asset valuations and lead to found asset errors in future years.

Control weaknesses in asset management can lead to qualified audit opinions due to the material value of property and infrastructure assets held by local governments. Entities need to remain vigilant and ensure valuation, capitalisation and reconciliation processes are robust and consistently applied each year.

Findings unresolved from prior year

For 2025, 179 financial management control findings raised across 81 entities (2024: 171 findings across 77 entities) remained unresolved from prior years. This represents 32% of all current year findings (2024: 28%). Of these unresolved issues, 20% (36 issues) (2024: 23% 39 issues) were rated as significant, requiring urgent action. While the proportion of significant unresolved findings has remained consistent, it is concerning that the number of unresolved issues increased.



Source: OAG

Figure 8: Prior year issues per year

Unresolved findings from prior years primarily relate to financial reporting, expenditure and asset management. These unresolved issues align with the underlying themes previously identified within this report, for each category. It is concerning that these matters remain unresolved, as they continue to add to audit time and costs. Entities need to prioritise addressing these issues, particularly those rated as significant.

Information system controls

The purpose of general computer control (GCC) audits is to assess the effectiveness of entities' computer controls relied on to accurately process and maintain the integrity, confidentiality and availability of key financial business systems and information.

For the 2025 financial year, we reported 333 general computer control weaknesses to 68 entities, compared to 360 control findings to 89 entities in 2024. Over half of these weaknesses (60%) were unaddressed prior year issues. Nine percent of findings were rated significant, 69% moderate and 22% minor (Figure 9).

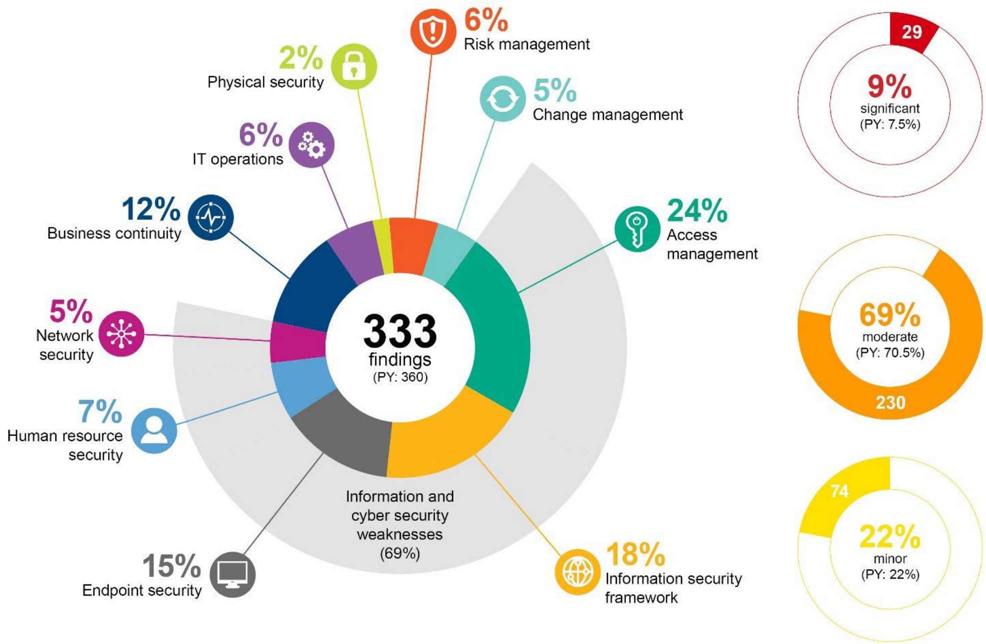
Entity controls in the following control categories showed significant weaknesses:

- access management
- business continuity
- endpoint security
- information security framework
- network security.

Of the 333 weaknesses identified, the majority related to information and cyber security controls:

- 24% related to managing access, such as delays in removing access of former staff and contractors, poor control over privileged and system accounts, and insufficient user activity monitoring.
- 18% related to information security framework weaknesses. These issues comprised insufficient information and cybersecurity policies, as well as governance and compliance weaknesses.
- 15% related to controls to protect endpoints (end user devices and servers). These included system vulnerabilities, legacy systems, and limited controls to prevent malware.

The *Local Government 2025 – Information Systems Audit Results* report presents a detailed analysis of these findings.



Source: OAG

Figure 9: Information system weaknesses across 10 control risk categories and ratings

Improvement opportunities

Financial health of local governments

Financial sustainability is a challenge for many local governments across the country due to a combination of:

- operating losses
- declining cash reserves
- increasing compliance and complexity
- limited capacity to generate sufficient own source revenue (from existing or alternative means)
- the general economic environment.

These factors are just as relevant in Western Australia and were most evident for the Shire of Coolgardie in 2024 when we included a material uncertainty related to going concern in the Shire's 2024 audit report.

Case study 1: Historical financial viability concerns at the Shire of Coolgardie

Under the going concern basis of accounting, financial statements are prepared on the assumption that an entity will continue operating for the foreseeable future. Auditors are required to report when there is a material uncertainty about an entity's ability to continue as a going concern.

For the Shire of Coolgardie's 2024 audit, finalised on 23 June 2025, we highlighted concerns by drawing attention to note 1 of the Shire's financial report. The note disclosed that the Shire:

- recorded a net loss of $4.6 million for the year ended 30 June 2024
- had current liabilities exceeding current assets by $14.2 million
- had an overdrawn unrestricted cash balance of $934,000
- had inappropriately used restricted funds for operational purposes.

These issues, along with other disclosures in the financial report, indicated the presence of a material uncertainty that cast significant doubt on the Shire's ability to continue as a going concern.

Following the 2024 audit, the Shire undertook debt restructuring and other initiatives to improve its financial position. We were satisfied with these actions, and as a result, a material uncertainty paragraph was not required in the 2025 audit report. However, because the 2024 audit report and financial statements were the first public signal of concerns, the situation highlights the importance of stronger monitoring and guidance for entities on financial sustainability.

LGIRS has developed the Local Government Financial Indicator (LGFI) tool, which provides a point-in-time assessment of an entity's capacity to meet its short and long term financial obligations, having regard to its funding sources. The LGFI replaced the former Financial Health Indicator (FHI) and, unlike the FHI, is not designed to assess longer term financial sustainability. Further information on the methodology and application of the LGFI is available through the MyCouncil FAQs[12].

LGFI data was first published on the MyCouncil website in May 2025 for the 2019 to 2023 financial years. As the indicator relies on audited financial information, data publication necessarily follows the completion of audit and associated validation processes. At 23 February 2026, LGFI results were available up to the 2023 reporting period, with subsequent years to be released in line with established update schedules. However, the indicator is only genuinely useful when it is updated in a timely manner after audited financial reports and grant information returns are released.

LGIRS has established a benchmark score of 70 for the LGFI. Scores below this benchmark indicate that an entity may warrant further consideration in relation to its financial position. Looking back, the LGFI for the Shire of Coolgardie had been declining for some time, indicating emerging concerns well before the issues became public in June 2025, acknowledging that the department had been engaging with the Shire, and our Office, since early 2024 in respect of a variety of concerns identified by them through other available information.

Financial analysis

For 2025, we analysed the current ratios of all local government entities with audits finalised by 31 December 2025. The current ratio is an indicator of an entity's ability to meet its short-term obligations for payment, with a ratio of less than one suggesting that an entity owes more in the short term than it may be able to afford to pay. Four entities recorded a current ratio of less than one (2024: 2; 2023: 1). The four entities with ratios less than one were:

- Shire of Coolgardie
- Shire of Derby-West Kimberley
- Shire of Irwin
- Shire of Victoria Plains.

A further 13 entities reported a ratio between 1 and 2 (2024: 11; 2023: 13), which also indicates potential financial pressure.

Appendix 9 contains a complete listing of the current ratio for each entity for 2024 and 2025.

Case study 2: Historical financial viability concerns at the Shire of Coolgardie

For 2025, the Shire of Coolgardie recorded a current ratio of 0.57. Given the heightened concern with the Shire's financial viability, we performed further audit procedures to satisfy ourselves that the going concern basis for preparation of the financial report was appropriate and a material uncertainty was not required to be included in the audit report. The procedures included:

- deeper and more intensive analysis of cashflow forecasts
- review of budgets
- status of financial facilities
- asset disposal alternatives
- year to date actual financial information for 2026.

[12] Government of Western Australia, *MyCouncil*, mycouncil.wa.gov.au, n.d., 9 February 2026.

Entities hovering around a score of one or trending downwards, should pay particular attention to their cashflow needs and forecasts. Sector-wide results also show a gradual decline. The sector-average current ratio decreased from 5.5 in both 2023 and 2024 to 5.0 in 2025. Median ratios similarly declined from 4.1 in 2023 to 3.75 in 2024 and 3.63 in 2025. The decline in the median indicates that this trend is not driven by outliers but reflects a broader sector decline in entities' ability to meet their short-term payment obligations.

While a number of entities report large surpluses each year, the sector is facing increasing cost pressures with a limited ability for entities to expand their revenue base. Local governments will need to closely monitor their financial outlays and positions to ensure they can continue to deliver essential community services and maintain appropriate levels of investment in their community infrastructure.

Valuations

This year we encountered several instances where a valuer did not comply with the LGIRS (previously the Department of Local Government, Sports and Cultural Industries) directive requiring the use of the market approach for valuing land, including the consideration of public sector restrictions. In all cases, entities were unaware that their valuations were non-compliant with the above requirements, resulting in additional auditor involvement to resolve the matter with the valuer. Adjustments were required to valuations and financial reports.

Assets (PPE and infrastructure) are generally the largest balances in the financial report, meaning that errors in this area tend to be large and carry significant exposure for entities. This is also an area where we see significant numbers of prior period errors, as discussed in the quality section of this report[13].

For several years, we have recommended LGIRS develop and finalise their valuation guidance for the sector. We have provided input on various drafts since September 2023; and this guide has recently been published on 5 March 2026. This guidance will support a consistent understanding of valuation obligations and improve valuation practices generally. Ahead of their 2026 audits, entities should review this guidance to ensure their compliance with the guidelines.

Advocacy and reform

We engage closely with stakeholders and maintain a sector-wide view of emerging risks and systemic issues through our ongoing liaison with key stakeholders. This enabled us to raise with LGIRS a duplication in review requirements. As a result, regulation 5(2)(c)[14] of the Local Government (Financial Management) Regulations 1996, which required a three-yearly CEO review of the appropriateness and effectiveness of financial management systems, was removed effective 1 January 2026. Enhancements have been made to the remaining review obligations under regulations 16 and 17 of the Local Government (Audit) Regulations 1996.

Further reforms have also progressed, importantly the Local Government Inspector has been established to strengthen the regulation of council members and local government staff conduct. In addition, audit committees have been re-constituted as audit, risk and improvement committees, with a requirement for an independent chair to enhance objectivity, accountability and oversight across the sector.

[13] Prior period errors are increasing.

[14] Government of Western Australia, *Local Government Regulations Amendment Regulations (No 4) 2025*, Western Australian Legislation, 17 Dec 2025, 9 February 2026.

We welcome these regulatory changes, which streamline oversight and reduce unnecessary administrative burden on entities. We hope to see positive impacts from these changes when we audit entities.

Governance expectations

We are often asked to meet separately with the council outside of entrance and exit meetings and may also be asked to attend the annual electors meeting. The requests stem from the requirement in 7.12A of the *Local Government Act 1995*, which requires a local government to meet with the auditor of the local government at least once in every year. LGIRS advice is if council formally delegated this responsibility, a meeting between the audit, risk and improvement committee and the auditor would satisfy this requirement.

Meeting with the auditors should occur in a non-public audit entrance and/or exit meeting. This is so conversations can occur outside of normal standing order meeting protocols and confidential matters can be discussed. These are the forum for members of council, the audit committee and administration to speak to their auditors. They are meetings to discuss risks, issues, progress, status and results. It's important these meetings are closed to the public to maintain confidentiality around audit sensitivities and to ensure public or media enquiries are addressed to the Auditor General directly for consideration, rather than audit staff.

We plan to provide guidance on meeting attendance to support a consistent approach to audit related meetings across the sector. This will help streamline processes for entities and ensure best value for money.

We are often asked by entities to meet pre-determined deliverable dates to attend meetings with council, audit, risk and improvement committees, and electors. This can become challenging when there are delays in the audit process. These delays are commonly linked to issues with entity work papers supporting the financial report, or matters requiring formal technical resolution. Greater flexibility from councils is appreciated when necessary to ensure timelines remain reasonable and achievable. The alternative is to stay with the set meetings and report based on the status at that point and specify what is outstanding and plan to resolution.

OAG insights and tips

Our observations from the year are largely unchanged from previous years, indicating entities need continued refinement of their operations.

Streamline the audit process

Entities should:

1. Submit good quality, reviewed and CEO-signed financial reports for audit, no later than 30 September. Earlier submission is encouraged. CEO certification should indicate that management and those charged with governance are satisfied the financial report is complete, accurate and supported by underlying work papers. Supporting work papers and reconciliations should be available when financial reports are lodged. All content should be error free.
2. Communicate to the auditor their assessment of the significance of errors and determine whether adjustments are required. Entities should also analyse the root cause of identified errors.
3. Communicate delays to financial report submission early to minimise disruptions and enable effective resource allocation. Flexibility may be required when rescheduling audits.
4. Evaluate opportunities to submit financial reports earlier for audit.
5. Exercise greater flexibility around committee and council meeting times.
6. Ensure council attend audit entrance and exit meetings with the audit, risk and improvement committee, or that an appropriate delegation is in place. Audit entry and exit meetings are not intended to be part of public proceedings, but are undertaken to communicate audit plans, timeframes and findings with relevant entity staff and committee members.

Better support for entities

The Department of Local Government, Industry Regulation and Safety (LGIRS) should:

7. Update LGFI data on the MyCouncil website as a priority following audit finalisation
8. Consider LGFI information along with other intelligence to proactively intervene and support entities with challenges.

LGIRS response to 7 and 8:

LGIRS recognises the importance of timely publication and updates LGFI data on the MyCouncil website once governance and quality assurance processes are completed. For future reporting years, LGFI data will be published by the end of April following finalisation of audited financial statements by 31 December and receipt of grant information by the end of February each year. This timing will be communicated to local governments via an LG Alert and on the MyCouncil website.

LGIRS continues to strengthen its governance and quality assurance processes to support timely reporting and enhanced transparency, including clearer internal verification milestones, more structured follow-up with local governments, and improved monitoring and oversight arrangements, in coordination with the Local Government Inspector where appropriate. These measures support earlier identification of emerging risks and more proactive engagement with local governments. LGFI information is considered within a broader monitoring and assurance framework and is assessed alongside audit outcomes, compliance activity and direct engagement, rather than in isolation.

The Local Government Inspector has the statutory powers to intervene where this is considered necessary. Any proactive engagement or intervention is undertaken in a measured and proportionate manner, having regard to the specific circumstances of each local government. LGIRS' approach is focused on the early identification of risk and the provision of guidance and support to assist local governments in addressing emerging challenges.

Improve reporting and accounting for fixed assets

Entities should:

9. Conduct asset counts/stocktakes to support the completeness and accuracy of asset records.
10. Review the newly released LGIRS valuation guide to ensure compliance.

Reduce financial report errors, versions and management letter findings

Entities should:

11. Establish robust financial report quality control procedures, incorporating review by the audit, risk and improvement committee and council.
12. Seek appropriate and timely independent advice when unsure on accounting and disclosure obligations.
13. Alert OAG audit engagement leaders to new processes or systems, issues encountered during the year, or any area of concern or technical accounting determinations.

LGIRS should:

14. Provide guidance for entities via model accounts on how to account for prior period errors.

LGIRS response to 14:

Guidance on the correction of prior period errors is included in the Guidance Material Annual Financial Report Models (2025) for Class 1 and 2 local governments and for Class 3 and 4 local governments. This guidance references the relevant disclosure and retrospective application requirements under AASB 101 and AASB 108.

While the existing material provides an appropriate framework, it is acknowledged that additional practical guidance may assist entities in applying these requirements in particular circumstances. Further enhancements to the guidance are being considered for inclusion in the 2026 annual guidelines. Where a local government identifies a material prior period error, early engagement with LGIRS is expected. While this expectation is not currently formalised in published guidance, it will be communicated through an LG Alert accompanying the updated annual Model Financial Statements, which will be published in Q2 of 2026.

LGIRS will provide guidance as required, including examples where appropriate, to support compliance with the applicable accounting and disclosure requirements. This approach maintains consistency with the existing legislative and accounting framework while allowing LGIRS to provide targeted and proportionate support based on the specific circumstances of each case.

Resources

OAG provide various tools to assist entities with audit readiness and better practice and are available on our website:

- Audit Readiness Tool
- Prepared by client listing
- Financial statements review
- Going concern assessment
- Western Australian Public Sector Audit Committees –Better Practice Guide
- Better practice guidance

LGIRS provide the following to assist entities monitor their performance and prepare their financial report.

- Government of Western Australia, *MyCouncil*, mycouncil.wa.gov.au, n.d., 9 February 2026.
- Department of Local Government, Industry Regulation and Safety, *Financial policy and accounting*, dlsgsc.wa.gov.au, 5 March 2026, 9 February 2026.

Appendix 1: Status and timeliness of audits

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

Financial report timeliness – audit ready submissions*	
Received financial report by statutory deadline of 30 September 2025 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	Catalina Regional Council	Other		24/09/2025	
2	City of Albany	1		4/12/2025	
3	City of Armadale	1		12/12/2025	
4	City of Bayswater	1		1/12/2025	
5	City of Belmont	1		21/11/2025	
6	City of Bunbury	1		19/11/2025	
7	City of Busselton	1		19/11/2025	
8	City of Canning	1		3/12/2025	
9	City of Cockburn	1		26/11/2025	
10	City of Fremantle	1		3/12/2025	
11	City of Gosnells	1		5/12/2025	
12	City of Greater Geraldton	1		4/12/2025	

	Entity	Band	Type of opinion	Opinion issued	Audit ready submission of financial report
13	City of Joondalup	1		17/11/2025	
14	City of Kalamunda	2		12/11/2025	
15	City of Kalgoorlie-Boulder	1		8/12/2025	
16	City of Karratha	1		28/11/2025	
17	City of Kwinana	1		25/11/2025	
18	City of Mandurah	1		11/12/2025	
19	City of Melville	1		15/12/2025	
20	City of Perth	1		28/11/2025	
21	City of Rockingham	1		24/10/2025	
22	City of South Perth	2		12/11/2025	
23	City of Stirling	1		16/12/2025	
24	City of Subiaco	2		5/12/2025	
25	City of Swan	1		25/11/2025	
26	City of Vincent	2		14/11/2025	
27	City of Wanneroo	1		19/11/2025	
28	Eastern Metropolitan Regional Council	Other		7/10/2025	
29	Mindarie Regional Council	Other		10/11/2025	
30	Murchison Regional Vermin Council	Other		12/12/2025	
31	Resource Recovery Group	Other		18/12/2025	
32	Rivers Regional Council	Other		21/02/2025	
33	Shire of Ashburton	2		21/11/2025	
34	Shire of Augusta-Margaret River	2		14/11/2025	
35	Shire of Beverley	4		4/11/2025	
36	Shire of Boddington	4		8/12/2025	
37	Shire of Boyup Brook	4		19/12/2025	
38	Shire of Bridgetown-Greenbushes	3		8/12/2025	
39	Shire of Brookton	4		20/11/2025	

	Entity	Band	Type of opinion	Opinion issued	Audit ready submission of financial report
40	Shire of Broome	2		2/12/2025	
41	Shire of Broomehill-Tambellup	4		5/11/2025	
42	Shire of Bruce Rock	4		8/12/2025	
43	Shire of Capel	3		3/12/2025	
44	Shire of Carnamah	4		5/12/2025	
45	Shire of Carnarvon	2		5/12/2025	
46	Shire of Chapman Valley	4		4/12/2025	
47	Shire of Chittering	3		8/12/2025	
48	Shire of Christmas Island	3		4/12/2025	
49	Shire of Collie	3		19/12/2025	
50	Shire of Coolgardie	3		3/12/2025	
51	Shire of Corrigin	4		24/11/2025	
52	Shire of Cranbrook	4		11/11/2025	
53	Shire of Cuballing	4		4/12/2025	
54	Shire of Cue	4		8/12/2025	
55	Shire of Cunderdin	4		8/12/2025	
56	Shire of Dandaragan	3		4/12/2025	
57	Shire of Dardanup	3		21/11/2025	
58	Shire of Denmark	3		3/12/2025	
59	Shire of Derby-West Kimberley	2		24/11/2025	
60	Shire of Donnybrook Balingup	3		9/12/2025	
61	Shire of Dowerin	4		10/12/2025	
62	Shire of Dumbleyung	4		4/12/2025	
63	Shire of Dundas	4		10/12/2025	
64	Shire of East Pilbara	2		27/11/2025	
65	Shire of Esperance	2		5/12/2025	
66	Shire of Exmouth	3		3/12/2025	

	Entity	Band	Type of opinion	Opinion issued	Audit ready submission of financial report
67	Shire of Gingin	3		20/11/2025	
68	Shire of Gnowangerup	4		21/11/2025	
69	Shire of Goomalling	4		26/11/2025	
70	Shire of Harvey	2		20/11/2025	
71	Shire of Irwin	3		1/12/2025	
72	Shire of Jerramungup	4		27/11/2025	
73	Shire of Katanning	3		10/12/2025	
74	Shire of Kellerberrin	4		25/11/2025	
75	Shire of Kent	4		2/12/2025	
76	Shire of Kojonup	3		2/12/2025	
77	Shire of Kondinin	4		5/12/2025	
78	Shire of Koorda	4		16/10/2025	
79	Shire of Kulin	4		5/12/2025	
80	Shire of Lake Grace	4		25/11/2025	
81	Shire of Laverton	3		5/12/2025	
82	Shire of Leonora	3		22/12/2025	
83	Shire of Manjimup	2		25/11/2025	
84	Shire of Meekatharra	3		18/12/2025	
85	Shire of Menzies	4		21/11/2025	
86	Shire of Merredin	3		25/11/2025	
87	Shire of Mingenew	4		24/11/2025	
88	Shire of Moora	3		28/11/2025	
89	Shire of Morawa	4		27/11/2025	
90	Shire of Mount Marshall	4		1/12/2025	
91	Shire of Mukinbudin	4		13/11/2025	
92	Shire of Mundaring	2		2/12/2025	
93	Shire of Murchison	4		27/11/2025	

	Entity	Band	Type of opinion	Opinion issued	Audit ready submission of financial report
94	Shire of Murray	2		18/11/2025	
95	Shire of Nannup	4		4/12/2025	
96	Shire of Narembeen	4		28/11/2025	
97	Shire of Narrogin	3		14/11/2025	
98	Shire of Ngaanyatjarraku	4		4/12/2025	
99	Shire of Northam	2		1/12/2025	
100	Shire of Northampton	3		15/12/2025	
101	Shire of Nungarin	4		3/12/2025	
102	Shire of Peppermint Grove	4		27/11/2025	
103	Shire of Perenjori	4		4/12/2025	
104	Shire of Pingelly	4		19/12/2025	
105	Shire of Plantagenet	3		15/12/2025	
106	Shire of Quairading	4		4/12/2025	
107	Shire of Ravensthorpe	3		4/12/2025	
108	Shire of Sandstone	4		15/12/2025	
109	Shire of Serpentine-Jarrahdale	2		12/11/2025	
110	Shire of Shark Bay	4		11/12/2025	
111	Shire of Tammin	4		2/12/2025	
112	Shire of Three Springs	4		2/12/2025	
113	Shire of Toodyay	3		23/12/2025	
114	Shire of Trayning	4		2/12/2025	
115	Shire of Upper Gascoyne	4		5/12/2025	
116	Shire of Victoria Plains	4		28/11/2025	
117	Shire of Wagin	4		14/11/2025	
118	Shire of Wandering	4		15/12/2025	
119	Shire of Waroona	3		21/11/2025	
120	Shire of West Arthur	4		10/12/2025	

	Entity	Band	Type of opinion	Opinion issued	Audit ready submission of financial report
121	Shire of Westonia	4		4/12/2025	
122	Shire of Wickepin	4		4/12/2025	
123	Shire of Williams	4		9/12/2025	
124	Shire of Wiluna	4		2/12/2025	
125	Shire of Wongan-Ballidu	4		12/12/2025	
126	Shire of Woodanilling	4		4/12/2025	
127	Shire of Wyalkatchem	4		28/11/2025	
128	Shire of Wyndham-East Kimberley	2		25/11/2025	
129	Shire of Yilgarn	3		9/10/2025	
130	Shire of York	3		27/11/2025	
131	Town of Bassendean	3		14/11/2025	
132	Town of Cambridge	2		4/12/2025	
133	Town of Claremont	3		10/12/2025	
134	Town of Cottesloe	3		3/12/2025	
135	Town of Mosman Park	3		8/12/2025	
136	Town of Port Hedland	1		17/12/2025	
137	Town of Victoria Park	2		8/12/2025	
138	Western Metropolitan Regional Council	Other		17/10/2025	

Source: OAG

Opinion type by entity band allocations

Band of entity	Number of entities	Opinions issued	Clean opinions	Modified opinions	Opinions including EoM paragraphs
Band 1	23 (23)	23 (23)	23 (22)	0 (1)	6 (4)
Band 2	21 (21)	20 (21)	20 (20)	0 (1)	6 (5)
Band 3	35 (35)	32 (35)	31 (32)	1 (3)	5 (5)
Band 4	60 (60)	56 (59)	55 (52)	1 (7)	3 (5)
Other (e.g. councils)	8 (8)	7 (8)	7 (7)	0 (1)	2 (1)
Total	**147 (147)**	**138 (146)**	**136 (133)**	**2 (13)**	**22 (20)**

Source: OAG

Notes: 2024 numbers included in brackets.

Audits from prior years finalised in 2025

Entity	Balance date	Opinion issued	Opinion type
City of Greater Geraldton	30 June 2024	28 March 2025	
City of Nedlands*	30 June 2024	5 September 2025	
Shire of Bridgetown Greenbushes	30 June 2024	4 April 2025	
Shire of Collie	30 June 2024	20 May 2025	
Shire of Coolgardie	30 June 2024	23 June 2025	
Shire of Dundas	30 June 2024	9 April 2025	
Shire of Halls Creek*	30 June 2024	19 December 2025	
Shire of Nannup	30 June 2024	4 February 2025	
Shire of Toodyay	30 June 2024	13 June 2025	
Shire of Wickepin	30 June 2024	14 February 2025	
Town of Cottesloe	30 June 2024	14 February 2025	

Source: OAG

** These entities audits are also delayed for 2025 and were included in our Status of Local Government Audits 2025 report[15]*

[15] Office of the Auditor General, *Status of Local Government Audits 2025*, OAG website, 28 January 2026.

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

Entity	Approved extension date
Resource Recovery Group	17 October 2025
Shire of Dundas	3 November 2025
Shire of Halls Creek	18 December 2025
Shire of Leonora	31 October 2025
Shire of Merredin	14 October 2025
Shire of Toodyay	1 October 2025
Shire of Wongan-Ballidu	10 October 2025
Town of Cottesloe	13 October 2025
Town of East Fremantle	31 October 2025

Source: LGIRS

Appendix 3: Qualified and disclaimer of opinions

2025 qualifications

Entity	Details of qualification
Shire of Boyup Brook	**Biological assets** We were unable to obtain sufficient appropriate audit evidence to verify the existence and number of biological assets at 30 June 2024, nor were we able to confirm the biological assets by alternative means. Our audit opinion on the annual financial report for the period ending 30 June 2024 was modified accordingly. Since the closing balance at 30 June 2024 of biological assets is the opening balance at 1 July 2024 and forms the basis for the determination of operations for the year, we were unable to determine whether any adjustments to the operations net result for the year ended 30 June 2025 may be necessary.
Shire of Toodyay	**Financial report comparative information not supported with complete and accurate underlying records** We were unable to obtain sufficient and appropriate audit evidence regarding the prior year financial report, as the financial report was submitted for audit purposes without complete and accurate underlying records. Our opinion on the financial report for the year ended 30 June 2024 was modified accordingly. Our opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.
	Cash and cash equivalents The Shire's bank reconciliation at 30 June 2025 included an unreconciled balance of $22,991. We were unable to confirm this figure by alternative means and consequently were unable to determine whether any adjustments were necessary on cash and cash equivalents at 30 June 2025.
	Restatement of corresponding figures We were unable to obtain sufficient and appropriate audit evidence for the restatement of corresponding figures as set out in Note 28. We were unable to confirm these restatements by alternative means and consequently were unable to determine whether any adjustments were necessary to Note 28. In addition, Note 28 does not comply with the disclosure requirements of AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, and it did not include all corrected line items in the statement of cash flow and the statement of financial activity.

Source: OAG

Delayed 2024 qualified and disclaimer of opinions

The below list of qualified and disclaimer of opinions is for those entities listed in Appendix 1 which had their 2024 audits finalised in 2025.

Entity	Details of qualification or disclaimer
City of Nedlands	**Qualification** **Financial report comparative information not supported with complete and accurate underlying records** We were unable to obtain sufficient and appropriate audit evidence regarding the prior year financial report, as the financial report was submitted for audit purposes without complete and accurate underlying records. The opinion on the financial report for the year ended 30 June 2023 was modified accordingly. The opinion on the current year financial report is also modified because of the

Entity	Details of qualification or disclaimer
	possible effect of this matter on the comparability of the current year's figures and the corresponding figures.
Shire of Halls Creek	**Qualification** **Financial report comparative information not supported with complete and accurate underlying records** We were unable to obtain sufficient and appropriate audit evidence regarding the prior year financial report, as the financial report was submitted for audit purposes without complete and accurate underlying records. The opinion on the financial report for the year ended 30 June 2023 was modified accordingly. 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 year's figures and the corresponding figures.
	Qualification **Restatement of corresponding figures** We were unable to obtain sufficient and appropriate audit evidence for the restatement of corresponding figures as stated in the Statement of Comprehensive Income, Statement of Cash Flows, Statement of Financial Activity and Note 28 of the financial report. We were unable to confirm these restatements by alternative means and consequently were unable to determine whether any adjustments were necessary on the corresponding figures of these statements.
	Qualification **Infrastructure assets not revalued as required by the Local Government (Financial Management) Regulations** Other Infrastructure assets reported at the carrying values of $6,460,241 and $6,963,171 as at 30 June 2023 and 30 June 2022 respectively in Note 9 (a) of the financial report have not been revalued as required by Regulation 17A(4A)(b) of the Local Government (Financial Management) Regulations 1996 since 30 June 2018. Consequently, we were unable to determine the extent to which the carrying amounts of other infrastructure assets are misstated, as it was impracticable to do so. Additionally, we are unable to determine whether there may be any consequential impact on Revaluation Surplus as at 30 June 2023 and 30 June 2022, as well as Depreciation, Net Result for the Period and Retained Surplus as at 30 June 2023.
Shire of Nannup	**Qualification** **Land and buildings and infrastructure** The opinion in the prior year was qualified because land, buildings and infrastructure with carrying values of $1,615,000, $8,737,435 and $100,957,611 respectively disclosed in Notes 8(a) and 9(a) of the financial report 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 also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.
Shire of Wickepin	**Qualification** **Infrastructure asset valuation** The opinion in the prior year was qualified because infrastructure assets reported at the carrying value of $92,213,435 as disclosed in Note 7(a) 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 effects of this matter on the comparability of the current period's figures and the corresponding figures.

Entity	Details of qualification or disclaimer
Shire of Toodyay	**Disclaimer** **Financial report not supported with complete and accurate underlying records** We were unable to obtain sufficient appropriate audit evidence regarding the financial report as a whole, as the financial report was submitted for audit purposes without complete and accurate underlying records. We were unable to audit the financial report by alternative means. Consequently, we are unable to determine whether any adjustments were necessary to the financial report as a whole for the year ended 30 June 2024.

Source: OAG

Appendix 4: Prior year qualifications and disclaimers removed in 2025

Entity	Details of prior year qualification
Shire of Goomalling	**Infrastructure** 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 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.
Shire of Kent	**Infrastructure** The opinion in the prior year was qualified because other infrastructure assets (as disclosed in note 9(a) of the financial report 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.
Shire of Nannup	**Land and buildings and infrastructure** The opinion in the prior year was qualified because land, buildings and infrastructure assets (disclosed in notes 8(a) and 9(a) of the financial report at 30 June 2023) with carrying values of $1,615,000, $8,737,435 and $100,957,611 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 effect of this matter on the comparability of the current period's figures and the corresponding figures.
Shire of Westonia	**Infrastructure** The opinion in the prior year was qualified because infrastructure assets (as disclosed in note 9(a) of the financial report 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.
Shire of Wickepin	**Infrastructure assets valuation** The opinion in the prior year was qualified because infrastructure assets (as disclosed in note 7(a) of the financial report at 30 June 2023) reported at the carrying value of $92,213,435, 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 effects of this matter on the comparability of the current period's figures and the corresponding figures.
Town of Port Hedland	**Infrastructure assets valuations** 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

Entity	Details of prior year qualification
	impact on the net carrying amount of infrastructure assets and the consequential impact on retained earnings, revaluation reserves, depreciation and net surplus 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 respectively (as disclosed in note 9 to the financial statements at 30 June 2023), 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. **Investment property** The opinion in the prior year was qualified because investment property (as disclosed in note 12 of the financial report 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.

Source: OAG

Entity	Details of prior year disclaimer
Shire of Toodyay	**Financial report not supported with complete and accurate underlying records** We were unable to obtain sufficient appropriate audit evidence regarding the financial report as a whole, as the financial report was submitted for audit purposes without complete and accurate underlying records. We were unable to audit the financial report by alternative means. Consequently, we were unable to determine whether any adjustments were necessary to the financial report as a whole for the year ended 30 June 2024.

Source: OAG

Appendix 5: Emphasis of matter paragraphs included in auditor reports

2025 emphasis of matter paragraphs

Entity	Description of EoM paragraphs
City of Bayswater	**Investment in Associates** We draw attention to note 27 to the financial report, which states that effective 1 July 2025, two member participants have resolved to withdraw as member participants from Eastern Metropolitan Regional Council effective from 1 July 2025. The City continues to be a member council participant. Our opinion is not modified in respect of this matter.
City of Busselton	**Restatement of Comparative balances** We draw attention to Note 32 of the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in this financial report. Our opinion is not modified in respect of this matter.
City of Joondalup	**Restatement of Comparative balances** We draw attention to Note 26 of the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in these financial statements. Our opinion is not modified in respect of this matter.
City of Kwinana	**Restatement of comparative figures** We draw attention to Note 32 of the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in this financial report. Our opinion is not modified in respect of this matter.
City of Subiaco	**Restatement of comparative balances** We draw attention to Note 31 of the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in this financial report. Our opinion is not modified in respect of this matter.
City of Swan	**Investment in Associates** We draw attention to Note 25 to the financial report, which states that the City has resolved to withdraw as a member participant from Eastern Metropolitan Regional Council effective from 1 July 2025. Our opinion is not modified in respect of this matter.
Rivers Regional Council	**Basis of accounting** 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. Our opinion is not modified in respect of this matter.
Shire of Bruce Rock	**Restatement of comparative balances** We draw attention to Note 30 of the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in this financial report. Our opinion is not modified in respect of this matter.
Shire of Coolgardie	**Restatement of comparative figures** We draw attention to Note 31 to the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated

Entity	Description of EoM paragraphs
	and disclosed as comparatives in this financial report. Our opinion is not modified in respect of this matter.
Shire of Dardanup	**Restatement of comparative balances** We draw attention to Note 30 of the financial statements which states that the amounts reported in the previously issued 30 June 2024 financial statements have been restated and disclosed as comparatives in these financial statements. Our opinion is not modified in respect of this matter.
Shire of Denmark	**Restatement of Comparative balances** We draw attention to Note 29 of the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in this financial report. Our opinion is not modified in respect of this matter.
Shire of Manjimup	**Restatement of Comparative Balances** We draw attention to Note 30 of the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in this financial report. Our opinion is not modified in respect of this matter.
Shire of Meekatharra	**Restatement of Comparative balances** We draw attention to Note 25 of the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in this financial report. Our opinion is not modified in respect of this matter.
Shire of Mundaring	**Investment in Associates** We draw attention to Note 22 to the financial report, which states that the Shire has resolved to withdraw as a member participant from Eastern Metropolitan Regional Council effective from 1 July 2025. Our opinion is not modified in respect of this matter.
Shire of Serpentine-Jarrahdale	**Correction of Error** We draw attention to Note 34 of the financial report which states that previously unrecognised assets have been recognised prospectively at 30 June 2025 as retrospective restatement was impracticable. Our opinion is not modified in respect of this matter.
Shire of Shark Bay	**Restatement of Comparative Balances** We draw attention to Note 27 of the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in this financial report. Our opinion is not modified in respect of this matter.
Shire of Williams	**Restatement of comparative figures** We draw attention to Note 29 to the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in this financial report. Our opinion is not modified in respect of this matter.
Resource Recovery Group	**Basis of Accounting** We draw attention to Note 1 of the financial report which describes the basis of accounting and that the financial report has been prepared on a non-going concern basis for the reasons set out therein. Our opinion is not modified in respect of this matter.
Town of Bassendean	**Investment in Associates** We draw attention to Note 22 to the financial report, which states that effective 1 July 2025, two member participants have resolved to withdraw as member

Entity	Description of EoM paragraphs
	participants from Eastern Metropolitan Regional Council effective from 1 July 2025. The Town continues to be a member council participant. Our opinion is not modified in respect of this matter.
Town of Cambridge	**Restatement of Comparative Balances** We draw attention to Note 31 of the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in this financial report. Our opinion is not modified in respect of this matter.
Town of Port Hedland	**Restatement of comparative figures** We draw attention to Note 33 to the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in this financial report. Our opinion is not modified in respect of this matter.
Town of Victoria Park	**Restatement of comparative figures** We draw attention to Note 30 of the financial report which states that the amounts reported in the previously issued 30 June 2024 financial report have been restated and disclosed as comparatives in these financial statements. Our opinion is not modified in respect of this matter.

Source: OAG

2024 delayed emphasis of matter paragraphs

The below list of emphasis of matter paragraphs is for those entities listed in Appendix 1 which had their 2024 audits finalised in 2025.

Entity	Description of EoM paragraphs
City of Nedlands	**Restatement of assets, liabilities and equity as at 1 July 2023** We draw attention to Note 29 of the financial report which states that historical errors in assets, liabilities and equity amounts reported have been corrected in opening balances as at 1 July 2023 in this financial report. Our opinion is not modified in respect of this matter.
Town of Cottesloe	**Restatement of Comparative balances** 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. Our opinion is not modified in respect of this matter.

Source: OAG

Appendix 6: Delayed 2024 audit material uncertainty related to going concern paragraph

The below list of material uncertainty relating to going concern (MURGC) paragraph is for those entities listed in Appendix 1 which had their 2024 audits finalised in 2025.

Entity	Description of MURGC paragraph
Shire of Coolgardie	**Material uncertainty related to going concern** We draw attention to Note 1 in the financial report, which indicates that the Shire incurred a net loss of $4,617,984 for the year ended 30 June 2024 and as of that date, the Shire's current liabilities exceeded its current assets by $14,210,643 and the unrestricted cash balance was overdrawn by $934,081. 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 Shire 's ability to continue as a going concern. The audit opinion is not modified in respect of this matter.

Source: OAG

Appendix 7: Local government certifications issued since September 2025

Certifications issued for 2025

Entity and opinion	Opinion issued
City of Bayswater	
Local Roads and Community Infrastructure Program (Phases 1-4)	31 October 2025
City of Mandurah	
Roads to Recovery	5 November 2025
Local Roads and Community Infrastructure Program (Phase 4)	5 November 2025
City of Busselton	
Roads to Recovery	14 November 2025
Local Roads and Community Infrastructure Program	14 November 2025

Source: OAG

Outstanding certifications issued from 2021-22

Entity and opinion	Opinion issued
Shire of Halls Creek	
Local Roads and Community Infrastructure Program	23 December 2025

Source: OAG

Note: the cut-off date is 24 March 2026.

Appendix 8: Other local government opinions issued since September 2025

Entity	Opinion issued
Shire of Yalgoo 2023	19 February 2026
Shire of Yalgoo 2024	19 February 2026
Shire of Dalwallinu	23 March 2026

Source: OAG

Note: the cut-off date for this appendix is 24 March 2026.

Appendix 9: Local government current ratios for 2025

Below are the calculated current ratios for each local government for the past two years. The current ratio calculated as the current assets divided by current liabilities. A current ratio of less than one means an entity has more current liabilities than current assets, meaning they may not be able to pay their debts as and when they fall due.

Entity	Band	Current ratio 2025	Current ratio 2024
Bunbury-Harvey Regional Council	Other	NCWST	1.70
City of Albany	1	3.30	3.46
City of Armadale	1	3.52	3.11
City of Bayswater	1	4.41	4.27
City of Belmont	1	5.34	6.92
City of Bunbury	1	2.29	2.24
City of Busselton	1	3.90	4.26
City of Canning	1	4.14	4.11
City of Cockburn	1	4.75	5.56
City of Fremantle	1	2.39	2.75
City of Gosnells	1	2.41	3.17
City of Greater Geraldton	1	1.91	2.66
City of Joondalup	1	3.47	3.60
City of Kalamunda	2	3.57	2.78
City of Kalgoorlie - Boulder	1	1.61	2.55
City of Karratha	1	9.15	8.45
City of Kwinana	1	1.90	1.99
City of Mandurah	1	2.35	2.41
City of Melville	1	4.32	5.25
City of Nedlands	2	NCWST	2.31
City of Perth	1	6.10	5.94
City of Rockingham	1	3.40	3.99
City of South Perth	2	3.88	3.55
City of Stirling	1	3.16	2.77
City of Subiaco	2	12.03	9.87
City of Swan	1	4.36	3.57
City of Vincent	2	3.06	2.72
City of Wanneroo	1	4.40	4.90
Eastern Metropolitan Regional Council	Other	1.75	2.32
Mindarie Regional Council	Other	3.28	4.83
Murchison Regional Vermin Council	Other	3.10	2.33

Entity	Band	Current ratio 2025	Current ratio 2024
Rivers Regional Council	Other	8.31	5.06
Shire of Ashburton	2	4.92	4.46
Shire of Augusta-Margaret River	2	2.48	2.77
Shire of Beverley	4	2.70	2.14
Shire of Boddington	4	1.92	1.84
Shire of Boyup Brook	4	2.32	2.91
Shire of Bridgetown-Greenbushes	3	1.70	2.55
Shire of Brookton	4	11.38	10.52
Shire of Broome	2	3.64	4.01
Shire of Broomehill-Tambellup	4	2.89	4.18
Shire of Bruce Rock	4	3.01	3.15
Shire of Capel	3	2.30	4.21
Shire of Carnamah	4	4.07	5.03
Shire of Carnarvon	2	2.17	2.46
Shire of Chapman Valley	4	2.00	2.36
Shire of Chittering	3	2.18	1.89
Shire of Christmas Island	3	2.52	2.45
Shire of Cocos (Keeling) Islands	4	NCWST	9.42
Shire of Collie	3	2.22	1.86
Shire of Coolgardie	3	0.57	0.17
Shire of Coorow	4	NCWST	3.75
Shire of Corrigin	4	10.60	7.10
Shire of Cranbrook	4	5.97	7.99
Shire of Cuballing	4	2.15	2.33
Shire of Cue	4	17.13	12.93
Shire of Cunderdin	4	4.25	7.00
Shire of Dalwallinu	3	NCWST	6.08
Shire of Dandaragan	3	4.81	3.83
Shire of Dardanup	3	2.98	3.53
Shire of Denmark	3	2.49	2.24
Shire of Derby-West Kimberley	2	0.96	0.95
Shire of Donnybrook-Balingup	3	2.82	2.24
Shire of Dowerin	4	5.13	4.87
Shire of Dumbleyung	4	9.66	7.15
Shire of Dundas	4	3.68	5.81
Shire of East Pilbara	2	5.43	7.34
Shire of Esperance	2	5.07	5.32

Entity	Band	Current ratio 2025	Current ratio 2024
Shire of Exmouth	3	8.39	6.71
Shire of Gingin	3	2.70	2.60
Shire of Gnowangerup	4	4.19	5.46
Shire of Goomalling	4	1.07	1.30
Shire of Halls Creek	3	NCWST	2.73
Shire of Harvey	2	2.30	2.35
Shire of Irwin	3	0.92	1.09
Shire of Jerramungup	4	4.32	4.14
Shire of Katanning	3	2.27	2.40
Shire of Kellerberrin	4	2.51	3.43
Shire of Kent	4	12.23	10.26
Shire of Kojonup	3	2.46	1.50
Shire of Kondinin	4	3.90	6.45
Shire of Koorda	4	7.27	6.92
Shire of Kulin	4	4.90	4.04
Shire of Lake Grace	4	7.62	13.96
Shire of Laverton	3	6.17	4.54
Shire of Leonora	3	4.42	3.75
Shire of Manjimup	2	3.42	3.50
Shire of Meekatharra	3	28.45	25.36
Shire of Menzies	4	11.32	11.85
Shire of Merredin	3	4.90	3.25
Shire of Mingenew	4	2.87	2.98
Shire of Moora	3	1.94	3.65
Shire of Morawa	4	6.64	6.61
Shire of Mount Magnet	4	NCWST	5.90
Shire of Mount Marshall	4	4.37	2.85
Shire of Mukinbudin	4	4.83	4.19
Shire of Mundaring	2	3.71	3.89
Shire of Murchison	4	2.26	3.05
Shire of Murray	2	2.38	2.89
Shire of Nannup	4	2.53	2.96
Shire of Narembeen	4	6.14	8.24
Shire of Narrogin	3	3.85	3.41
Shire of Ngaanyatjarraku	4	37.74	10.03
Shire of Northam	2	2.38	2.45
Shire of Northampton	3	1.47	2.10

Entity	Band	Current ratio 2025	Current ratio 2024
Shire of Nungarin	4	5.04	5.93
Shire of Peppermint Grove	4	4.83	4.50
Shire of Perenjori	4	4.69	3.99
Shire of Pingelly	4	2.84	2.09
Shire of Plantagenet	3	3.49	5.41
Shire of Quairading	4	5.38	4.50
Shire of Ravensthorpe	3	3.96	3.80
Shire of Sandstone	4	16.22	32.52
Shire of Serpentine-Jarrahdale	2	2.53	2.56
Shire of Shark Bay	4	6.94	2.70
Shire of Tammin	4	11.07	12.76
Shire of Three Springs	4	7.97	5.34
Shire of Toodyay	3	2.19	2.21
Shire of Trayning	4	6.39	4.31
Shire of Upper Gascoyne	4	3.24	3.30
Shire of Victoria Plains	4	0.81	1.52
Shire of Wagin	4	5.19	6.45
Shire of Wandering	4	1.13	1.55
Shire of Waroona	3	2.60	2.28
Shire of West Arthur	4	4.07	4.46
Shire of Westonia	4	9.74	14.69
Shire of Wickepin	4	8.48	10.74
Shire of Williams	4	3.38	4.82
Shire of Wiluna	4	6.79	11.30
Shire of Wongan-Ballidu	4	4.02	5.87
Shire of Woodanilling	4	3.63	2.95
Shire of Wyalkatchem	4	4.53	14.88
Shire of Wyndam-East Kimberley	2	1.82	3.12
Shire of Yalgoo	4	NCWST	NCWST
Shire of Yilgarn	3	10.45	10.53
Shire of York	3	1.77	2.95
Resource Recovery Group	Other	1.58	1.94
Catalina Regional Council	Other	30.98	93.29
Town of Bassendean	3	2.77	2.55
Town of Cambridge	2	5.89	5.31
Town of Claremont	3	4.25	3.94
Town of Cottesloe	3	2.91	3.05

Entity	Band	Current ratio 2025	Current ratio 2024
Town of East Fremantle	3	NCWST	2.08
Town of Mosman Park	3	3.48	3.17
Town of Port Hedland	1	8.95	12.07
Town of Victoria Park	2	3.60	3.78
Western Metropolitan Regional Council	Other	2.41	2.13

Source: OAG

NCWST: audit not completed within statutory timeframes, data was not available at the cut-off date of this report.

Average current ratio by band

Refer to the below table which shows the average ratio across each band of local government.

Band	2025 Average	2025 Median	2024 Average	2024 Median
Band 1	3.98	3.52	4.35	3.60
Band 2	3.76	3.42	3.73	3.12
Band 3	4.08	2.60	3.89	2.95
Band 4	6.11	4.35	6.38	4.84
Other (regional councils)	7.35	2.76	14.20	2.33
Sector overall	5.00	3.63	5.51	3.75

Source: OAG

Appendix 10: Other certifications issued since September 2025

Certifications issued for 2025

Entity and opinion	Opinion issued
Western Australian Land Authority	
Royalties for Regions - Collie Eco-Concrete Feasibility Study & Peel Business Park Activation - Aryzta Bakery	1 December 2025
Commissioner for Main Roads	
National Partnership on Infrastructure Projects in Western Australia	18 December 2025
Black Spot Projects (*National Land Transport Act 2014*)	18 December 2025
Land Transport Infrastructure Projects (*National Land Transport Act 2014*)	18 December 2025
Department of Local Government, Industrial Relations and Safety	
Local Government Financial Assistance Act 1995	20 January 2026
Department of Creative Industries, Tourism and Sport	
Royalties for Regions– Regional Exhibition Touring Boost Project- Final Report	26 February 2026

Source: OAG

Note: the cut-off date for this appendix is 24 March 2026.

Appendix 11: Other opinions issued since September 2025

Entity and opinion	Opinion issued
Albany Cemetery Board	25 November 2025
Bunbury Cemetery Board	26 November 2025
Electricity Networks Corporation trading as Western Power - agreed upon procedures	17 December 2025
Kalgoorlie-Boulder Cemetery Board	5 December 2025
Keep Australia Beautiful Council (W.A.)	11 November 2025
Trustees of the Public Education Endowment	26 November 2025
Western Australian Greyhound Racing Association	1 December 2025

Source: OAG

Note: the cut-off date for this appendix is 24 March 2026.

Appendix 12: 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:

- **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.
- **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.
- **Qualified opinion:** Given when the audit identifies materially misleading information, inadequate controls or conflicts with the financial reporting frameworks.
- **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.

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
Significant	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.
Moderate	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.
Minor	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.

Auditor General's 2025-26 reports

Number	Title	Date tabled
13	Local Government 2025 – Financial Audit Results	15 April 2026
12	Local Government 2025 – Information System Audit Results	25 March 2026
11	Local Government Management of Gifts and Benefits	18 March 2026
10	Controls Over Portable Assets – State Entities	6 March 2026
9	Microsoft 365 Security Controls – State Entities	6 March 2026
8	Local Government Audit Status Report	28 January 2026
7	State Government 2025 – Information Systems Audit Results	3 December 2025
6	State Government 2025 – Financial Audit Results	3 December 2025
5	Valuation of Property Held by the Public Education Endowment Trust	3 December 2025
4	WA's Progress to Implement the National Principles for Child Safe Organisations (arising from the Royal Commission into Institutional Responses to Child Sexual Abuse)	27 November 2025
3	Maintaining Regional Local Roads	12 November 2025
2	Gold Corporation – Trade Applications	29 October 2025
1	Management of Housing Maintenance Information	6 August 2025

Office of the Auditor General
for Western Australia

7th Floor Albert Facey House
469 Wellington Street, Perth

T: 08 6557 7500
E: info@audit.wa.gov.au

www.audit.wa.gov.au

@OAG_WA
Office of the Auditor General
for Western Australia

11.2 Office of the CEO

11.2.1 City of Cockburn Risk Management Update

Responsible Executive	Chief Executive Officer
Author(s)	Risk and Governance Advisor
Attachments	1.City of Cockburn Strategic Risk Register ⇩ 2.ARIC Resolutions since November 2025

Recommendation
That Council:

(1) RECEIVES the City of Cockburn Risk Management Update; and

(2) ENDORSES the updated Strategic Risk Register shown as Attachment 1.

Background

At the 26 May 2026 ARIC meeting, the City presented a report to update Council on the draft City of Cockburn Strategic Risk Register resulting from the 17 February 2026 risk management workshop which was attended by the ARIC members, one non-ARIC Elected Member, and the Executive Leadership Team (ELT).

This report provides an update to the ARIC on the City's Strategic Risk Register and the approach taken by the City to review and update its Operational Register.

Submission

N/A

Report

Strategic Risk Register

The City's Strategic Risk Register emanating from the 17 February 2026 risk management workshop has been updated with Progress and Notes by the Executive Leadership Team for reporting to the ARIC and is presented (refer Attachment 1).

Strategic risks reflect the internal and external forces capable of causing uncertainty on the City's long-term business strategies or strategic objectives outlined in the City of Cockburn Strategic Community Plan 2025-2035.

Regular updates of the Strategic Risk Register with Progress and Notes by the ELT are necessary to ensure the City updates the ARIC on the City's management of risks, which area aligned to the current Strategic Community Plan.

<u>Operational Risk Register</u>

In accordance with a Council resolution resulting from the 26 May ARIC meeting, a review of the City's Operational Risk Register has been undertaken by the City. Before the current review, the City had listed 231operational risks. The review will focus on :

- Archiving operational risks which were no longer credible scenarios, because of changed processes, or activities no longer performed
- Combining similar identified credible risks in order to align each operational risk under each of the strategic risks which were identified during the 17 February 2026 risk management workshop.

Following this review there are now 55 listed operational risks which will be further reviewed by the Senior Leadership Team before reporting on this register to the ARIC at its December 2026 meeting.

<u>Risk Management Framework</u>

In accordance with a Council resolution resulting from the 26 May ARIC meeting, a review of the City's Risk Management Framework has commenced. An update on the progress of the review will be presented to the ARIC at its December 2026 meeting.

<u>Audit, Risk and Improvement Strategy</u>

A separate report to the ARIC is being presented to update the Committee on the progress made with this framework.

<u>Implementation of ARIC Resolutions</u>

Attachment 2 to this report comprises an update to the Committee on the implementation progress made so far by the City on 13 ARIC Resolutions recorded since the first ARIC meeting held on 25 November 2025.

<u>Audit Log</u>

A proposed Internal Audit Plan was presented to this Committee by William Buck, the City's appointed internal auditor, at the 25 August 2026 Briefing Forum. The Internal Audit Plan proposes an audit of the City's Audit Log as its first planned internal audit. The City will finalise arrangements to schedule a commencement date for this first audit.

Strategic Plans/Policy Implications

<u>Our Governance</u>
Transparent leadership that listens, communicates openly and plans for a sustainable future.
Facilitate transparent and accountable governance for today and tomorrow.

Budget/Financial Implications

Endorsing the Strategic Risk Register has no immediate financial impact; however, future risk treatment actions may have resourcing or budget implications that will be considered through normal planning and budget processes.

Legal Implications

Local Government (Audit) Regulations 1996 r17 CEO to review certain systems and procedures

Community Consultation

N/A

Risk Management Implications

Risk management oversight and review is a function of the ARIC.

The ARIC is required to review the City's Strategic and Operational Risk as part of the City's risk management practices.

The ARIC's oversight of the Risk Register review report supports continuous improvement of risk management processes.

Adopting this report will result in the City continually improving its risk management processes.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) Local Government Act 1995

Nil

City of Cockburn Strategic Risk Register – As Discussed at the 17 February 2026 Council Risk Management Workshop (Updated on 14 April 2026)

Risk Identification & Analysis					Current Risk Assessment (Residual) Risk Rating								
Risk No.	Risk Title	Risk Description	Possible Causes	Existing Controls	Control Rating: R = Robust A = Adequate I = Inadequate	Consequence Category: Compliance; Environment; Operations; Reputation; Stakeholder impact	Consequence Rating	Likelihood Rating	Level of Risk	Risk Strategy (i.e., ACCEPT, TOLERATE, REDUCE / IMPROVE CONTROLS)	Risk Owner	Treatment Action Plans (TAPs)	[illegible]s (Progress and Notes to be reported to the Audit, Risk and Compliance Committee, at its 22 September 2026 meeting).
1.	**Strategic Outcomes**	Failure to deliver strategic plan outcomes resulting in significant reduction in liveability in our suburbs.	1. Poor transport infrastructure planning and/or delivery. 2. Loss of urban canopy. 3. Mismatch of urban intensification to infrastructure delivery 4. Plans not executed 5. Ad hoc State government urban growth decisions (beyond subregional plan) 6. Constraints on funding 7. Shifts in community expectations	1. Integrated Transport Strategy 2. District Traffic Study 3. Integrated strategic, financial, asset planning framework and Roads Asset Management Plans 4. Asset management and renewal prioritisation processes 5. Ongoing monitoring of demographic trends and growth assumptions	**R**	Operations Reputation Stakeholder impact	**Insignificant 1**	**Possible 3**	**Low 3**	Accept	Director Infrastructure Services	1. Annual update: demography forecast (20-year horizon) as well as major reforecast calibrated to census data (every 5 years) 2. Development Contribution Plans (established under local planning scheme) for key roads and community infrastructure items 3. Maintain alignment between strategic planning, long-term financial planning and infrastructure prioritisation 4. Ongoing advocacy and collaboration with Federal and State Government on growth and infrastructure sequencing 5. Escalation of material misalignment between growth and service capacity to ELT and Council	1. Development Contribution plans review initiated –awaiting Minister for Planning consent to advertise. 2. Advocacy priorities adopted at the 11 August 2026 OCM. 3. 10-year Forward Works Capital Model (FWCM) reviewed and updated to reflect Council's strategic vision, FY27 Annual Budget. FWCM to be reviewed as part of the planning and direction setting for the FY28 annual budget and Long-Term Financial Plan review . 4. Mid-term review of the Integrated Transport Strategy adopted at the May 2026 OCM. 5. Draft Civil Asset Management Plans presented to the April 2026 EMSBF. Adoption of these AMP's along with the remaining 5 AMP's scheduled for September 2026.
2.	**Corporate Outcomes**	Failure to deliver services, projects, facilities and assets resulting in non-achievement of corporate business plan.	1. Insufficient organisational capability or capacity to deliver planned outcomes. 2. Financial pressures or volatility impacting service and capital delivery. 3. Ineffective prioritisation or sequencing of projects and initiatives. 4. Asset portfolios not aligned with service needs.	1. Corporate planning and performance management framework 2. Long term financial planning and budget governance 3. Procurement and contract governance 4. Project and asset management frameworks	**I**	Compliance Operations Reputation	**Medium 3**	**Possible 3**	**Moderate 9**	Tolerate	Director Corporate and System Services	1. Regular review of corporate plan deliverability and resourcing assumptions 2. ELT oversight of organisational capacity, prioritisation, and delivery pressures	1. City of Cockburn Project Management Internal Audit, by Stantons International, has made 6 recommendations to improve the City's project management systems. The City has an implementation plan for these recommendations, reported to the 26/05/2026 ARIC meeting. 2. The City has assembled a Business Continuity Planning

City of Cockburn Strategic Risk Register – As Discussed at the 17 February 2026 Council Risk Management Workshop (Updated on 14 April 2026)

Risk Identification & Analysis					Current Risk Assessment (Residual) Risk Rating								
Risk No.	Risk Title	Risk Description	Possible Causes	Existing Controls	Control Rating: **R** = Robust **A** = Adequate I = Inadequate	Consequence Category: Compliance; Environment; Operations; Reputation; Stakeholder impact	Consequence Rating	Likelihood Rating	Level of Risk	Risk Strategy (i.e., ACCEPT, TOLERATE, REDUCE / IMPROVE CONTROLS)	Risk Owner	Treatment Action Plans (TAPs)	Notes (Progress and Notes to be reported to the Audit, Risk and Compliance Committee, at its 22 September 2026 meeting).
			~~5.~~ Workforce availability, capability or succession challenges.	5. Workforce planning and capability development strategies								3. Escalation of emerging delivery or capability constraints 4. Continuous improvement of planning, governance and assurance frameworks	Group which meets regularly to review and advise ELT and Elected Members on operations and services continuity viability due to the nationwide fuel disruption cause by geopolitical events in the Middle East. 3. At 14 April 2026 OCM Council authorised the CEO to manage services, projects and facilities in accordance with the City's business continuity approach for the Fuel Supply Stock 2026 until 31 July 2006 or further decision of Council.
3.	**Cyber security**	Failure to provide cyber security resulting in loss of private data or compromise of systems.	1. Increasing sophistication and frequency of cyber threats 2. Human error or inadequate cyber awareness 3. Third-party or supply-chain vulnerabilities ~~4.~~ Rapid digitisation outpacing control maturity.	1. ICT governance and risk management arrangements 2. Security monitoring, response and recovery capabilities 3. Staff awareness and training programs 4. External assurance and testing activities.	**A**	Compliance Reputation Stakeholder Impact	**Major 4**	**Unlikely 2**	**Moderate 8**	Tolerate	Director Corporate and System Services	1. Periodic assessment of cyber maturity against risk appetite 2. ELT and ARIC oversight of cyber risk exposure and uplift priorities 3. Ongoing monitoring of threat landscape and emerging risks 4. Escalation of material incidents or control gaps to Council where [illegible]red.	1. The City undertakes regular cyber maturity and control assurance, including twice-yearly external penetration testing and annual security posture reviews. Findings inform the cyber uplift program and risk treatment priorities. 2. Cyber risk and significant uplift priorities are subject to ELT and ARIC oversight, supported by internal and external assurance activities. Recent cyber tabletop exercises have also tested executive response and identified governance improvements. 3. The Cyber Security function continuously monitors threats through security tooling, external security partners, ASCS intelligence and vulnerability testing. Material findings are assessed and assigned for remediation by priority. 4. Material cyber incidents and significant control gaps are escalated through executive

City of Cockburn Strategic Risk Register – As Discussed at the 17 February 2026 Council Risk Management Workshop (Updated on 14 April 2026)

Risk Identification & Analysis					Current Risk Assessment (Residual) Risk Rating								
Risk No.	Risk Title	Risk Description	Possible Causes	Existing Controls	Control Rating: R = Robust A = Adequate I = Inadequate	Consequence Category: Compliance; Environment; Operations; Reputation; Stakeholder impact	Consequence Rating	Likelihood Rating	Level of Risk	Risk Strategy (i.e., ACCEPT, TOLERATE, REDUCE / IMPROVE CONTROLS)	Risk Owner	Treatment Action Plans (TAPs)	Notes (Progress and Notes to be reported to the Audit, Risk and Compliance Committee, at its 22 September 2026 meeting).
													governance and to Council when warranted.
4.	**Natural disaster**	Natural disasters resulting in loss of life, substantial property damage or compromised community or public health and environmental damage.	1. Increasing frequency and severity of extreme weather and climate events 2. Coastal and environmental exposure associated with location 3. Limitations in mitigation, adaptation or response capacity 4. Dependencies on external agencies and volunteers during emergencies ~~5.~~ Community vulnerability and changing environmental conditions.	1. Coastal Adaptation Plan (2. Emergency management and disaster recovery governance 3. Training, exercising and preparedness programs 4. Business continuity and resilience planning 5. Inter-agency coordination arrangements (Memorandum of Cooperation – 7 surrounding local governments.	**A**	Environment Reputation Stakeholder Impact	**Medium** **3**	**Likely** **4**	**High** **12**	Reduce	Director Sustainable Development and Safety	1. Strategic investment planning for resilience and adaptation 2. [illegible]odic review of [illegible]te and disaster risk assumptions 3. [illegible]ing collaboration [illegible] regional partners and emergency agencies 4. Assessment of strategic and statutory application against bush fire policy and construction code.	1. Storm surge/coastal erosion events generally occur each year (needing sand nourishment) Last event Feb-March: 20,000 cubic metres at CY O'Connor Beach plus removal from dune 2. Planning for FY27 Coastal Revegetation program (with Perth NRM). 3. Mid-term Climate Change Strategy review completed. 4. The Bushfire Risk Management Plan (BRMP) 2026-2028 has been approved by Council and now aligns with the requirements set by the Office of Bushfire Risk Management (OBRM). 5. The draft Plant and Animal Biosecurity Plan has been submitted to the Local Emergency Management Committee (LEMC) for review. 6. Multiple City service units participated in a joint LEMC exercise regarding the response and recovery to H5N1 Bird Flu with surrounding Local Governments, State departments and supporting agencies. 7. Progression on the new Coastal Hazard Risk Management and Adaption Plan underway (to replace current control: Coastal Adaptation Plan)

City of Cockburn Strategic Risk Register – As Discussed at the 17 February 2026 Council Risk Management Workshop (Updated on 14 April 2026)

Risk Identification & Analysis					Current Risk Assessment (Residual) Risk Rating								
Risk No.	Risk Title	Risk Description	Possible Causes	Existing Controls	Control Rating: R = Robust A = Adequate I = Inadequate	Consequence Category: Compliance; Environment; Operations; Reputation; Stakeholder impact	Consequence Rating	Likelihood Rating	Level of Risk	Risk Strategy (i.e., ACCEPT, TOLERATE, REDUCE / IMPROVE CONTROLS)	Risk Owner	Treatment Action Plans (TAPs)	Notes (Progress and Notes to be reported to the Audit, Risk and Compliance Committee, at its 22 September 2026 meeting).
5.	**Community and Workplace Safety**	Failure to provide a safe community or work environment resulting in loss of life or significant injuries.	1. Emerging security threats and external risk environment 2. Inadequate or ineffective safety governance systems 3. Physical or psychosocial wellbeing pressures 4. Poorly planned or managed high-risk activities or events 5. Insufficient safety culture or accountability.	1. WHS governance framework 2. Community safety and security strategies 3. Incident management, reporting and investigation processes 4. Training, supervision and leadership programs 5. Monitoring of safety performance and emerging risks.	**A**	Operations Reputation Stakeholder Impact	**Major** **4**	**Possible** **3**	**High** **12**	Reduce	Director Corporate and System Services	1. Continued emphasis on safety culture and leadership accountability 2. Monitoring of emerging safety and wellbeing risks 3. Escalation of serious incidents or systemic issues to ELT and ARIC.	1. SLT review safety data and monitor safety performance on a monthly basis. The annual employee engagement survey identified an average of 3% improvement of commitment to safety culture on the previous survey. 2. BeSafe electronic Safety System including contractor WHS management, site inductions and visitor sign-in/out stations, has been rolled out across all sites and includes a variety of safety reporting and risks analysis. Recent Health and Safety Committee meeting identified a wellbeing risk related to inappropriate behaviours of some customers towards employees, elected members and volunteers. A working group has been convened to develop a safety management approach. 3. The BeSafe Safety System now has mandatory escalations of all incidents and hazards based on a risk assessment. This ensures escalation to leaders based on seriousness of incident for visibility and follow-up if required. 4. Revised Work Health, Safety and Wellbeing Policy recently endorsed which reflects obligations under *Work Health and Safety Act 2020* (WA) and the *Work Health and Safety (General) Regulations 2022* (WA).

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Implementation of ARIC Resolutions Since First ARIC Meeting 25 November 2025.

ARIC Meeting	ARIC Minutes	ARIC Resolution	Resolution Update
25 Nov 2025	11.2.1 (2025/Minute No. 0024 Fleet Management Audit: City of Cockburn and City of Kwinana Internal Audit Report June 2025.	That Council (2) IMPLEMENTS the recommendations for the Risk Management & Policy Currency and Operational Guidance categories; and (3) RECOMMENDS the operational expenditure and / or service level adjustments to implement the recommendations of the 4 remaining categories, be included for review, in the "Draft" 2026/27 Municipal Annual Budget and "Draft" FY27 Service Plans.	(2) In progress New Safety Risk Management system (BeSafe) implemented with fleet and plant incidences and hazards now reported and actioned. Fleet and Plant Asset Management Plan 2024/25-2033/34 (ECM DSID 12480565) completed, scheduled for OCM October 2026 adoption Driver awareness training provided for selected high-risk operators with ongoing training reviewed as part of the annual employee performance planning cycle. Operational Risk Register (inc Fleet and plant) currently under review. (3) In Progress 2026/27 Annual Budget includes an allocation of $210,000 to investigate and implement an integrated vehicle management system

ARIC Meeting	ARIC Minutes	ARIC Resolution	Resolution Update
25 Nov 2025	11.3.1 (2025/Minute No. 0026) Integrity Update	That Council: (3) SETS a target of a level of Embedded under the Public Sector Integrity Maturity Self-Assessment by 2028; and (4) REQUESTS the Chief Executive Officer to develop an Audit, Risk and Improvement Strategy for presentation to the May 2026 Audit, Risk and Improvement Committee.	(3) Completed – Target outlined in draft Audit, Risk and Improvement Strategy. (4) Completed – Ethical Governance contracted to facilitate Audit, Risk and Improvement Strategy workshop with SLT and draft Audit, Risk and Improvement Strategy.
25 Nov 2025	11.3.2 (2025/Minute No. 0027) Operational Risk Register Update	That Council RECEIVES the Operational Risk Register update, and requests that the Chief Executive Officer organise a workshop on the Risk Framework, to be held with the whole of Council and Independent Committee Members by the end of April 2026.	Completed – Risk management workshop held on 17 February 2026 with ARIC and SLT members to draft new strategic risks.
26 May 2026	11.1.1 (2026/Minute No. 0004) Project Management Review.	That Council (2) INCLUDES the findings in the City's Audit Log	(2) Completed – Audit findings have been recorded in city of Cockburn Audit Log.
26 May 2026	11.1.2 (2026/Minute No. 0005) Cockburn IMP Project 21116389 Revised Certificate of Completion Hammond Road - Branch Circus to Bartram Road.	That Council (2) AMENDS the 2025/26 budget to write off the Grant funding payment by reducing Capital Grant Income by $600,000 and increase funding from the Road Reserve by $600,000.	(2) The budget amendment has been processed and will be reflected in the final 2025/26 Annual Financial Report.
26 May 2026	11.1.5 (2026/Minute No. 0008) City of Cockburn Risk Register Update.	That Council (2) REQUESTS the Chief Executive Officer to prepare an Organisational Risk Register based on the same principles, and reflecting the approach, of the Strategic Risk Register; (3) REQUESTS the Chief Executive Officer to prepare an updated Risk Management Framework based on the same	(2) The City's current Operational Risk Register contains 231 risks and is under review. The review will be reported at the December ARIC meeting. The review will focus on:

ARIC Meeting	ARIC Minutes	ARIC Resolution	Resolution Update
		principles, and reflecting the approach, of the Strategic Risk Register; and (4) REQUESTS biannual risk reports to the ARIC on Strategic Risk and Operational Risk.	• Archiving operational risks which were no longer credible scenarios, because of changed processes, or activities no longer performed. • Combining similar identified credible risks in order to align each operational risk under each of the strategic risks which were identified during the 17 February 2026 risk management workshop. (3) A review of the City's Risk Management Framework has commenced. The review will be reported at the December ARIC meeting. (4) Strategic and Operational Risk Register updates will be reported biannually to the ARIC.
26 May 2026	11.1.6 (2026/Minute No. 0009) Appointment of Deputy of the Presiding Member - ARIC.	That Council (2) DETERMINES the fee payable for the independent Deputy of the Presiding Member to be the maximum amount as determined by the Salaries and Allowances Tribunal from time to time, varied automatically.	(2) Deputy of the Presiding Member has been appointed in accordance with the resolution.
26 May 2026	11.1.8 (2026/Minute No. 0011) OAG Report 11: Local Government Management of Gifts and Benefits - Review of Recommendations.	That Council (3) REQUESTS the actions outlined in the report be included in the City's proposed Integrity Strategy.	(3) Completed – Actions outlined in the report have been included in the draft Audit, Risk and Improvement Strategy.

ARIC Meeting	ARIC Minutes	ARIC Resolution	Resolution Update
25 Aug 2026 Special ARIC	10.1.1 (2026/Minute No. 0013) Local Government Compliance Audit Return 2025.	That Council (3) REQUESTS a report be presented to the December Audit Risk and Improvement Committee with more details on the procurement non-compliance between 2024 – 2025.	Work has commenced on the preparation of the requested report, with initial discussions held between Governance and Procurement. A meeting has also been scheduled with the Service Manager Procurement and Contracts to review the procurement non-compliance matters identified and to commence development of the report for presentation to the December Audit Risk and Improvement Committee.

11.2.2 Internal Audit Plan Update

Executive	Chief Executive Officer
Author	Risk and Governance Advisor
Attachments	1. Wiliam Buck Proposed Three Year Strategic Internal Audit Plan ⇩

Recommendation

That Council RECEIVES the Internal Audit Plan Update.

Background

This report is an update to the Audit Risk and Improvement Committee (ARIC) on the progress made by the City to implement its Internal Audit Plan (the Plan).

Submission

N/A

Report

At the Special Audit Risk and Improvement Committee Briefing on 25 August 2026 William Buck, the City's appointed internal auditor gave an overview of the proposed structure of the City's Internal Audit Plan.

The plan presented is a three-year plan with proposed audits focussing on the City's internal audit requirements, including an audit on the City's Audit Log. The proposed three-year plan is illustrated below:

Year 1: 3 Audits		
Audit Log		Grants Management
Year 2: 3 Audits		
Procurement to pay (end to end)	Integrity risk - including conflict of interest, gifts and hospitality	Project Delivery and Capital projects
Year 3: 3 Audits (Possible 4 Audits)		
ICT Governance	Artificial Intelligence	Drainage Management / Environmental Management, and Landfill Capping

Strategically, the City risk management framework subscribes to the four lines of defence assurance model in line with the Office of the Auditor General (OAG), as the mechanism to provide assurance of effective risk.

The structure of the OAG model ensures roles, responsibilities and accountabilities are in place to demonstrate effective governance and assurance.

The summary of the four lines of defence is provided below:

- First line - held by the Business/Service Unit Heads and employees
- Second line - held independently by the Legal and Compliance Service Unit
- Third line - provided by the City's internal/external auditing mechanism
- Fourth line - provided by the external performance and focus audits provided by the regulatory regimes – the Department of Local Government, Industry Regulation and Safety, and the OAG.

Attachment 1 to this report consists of the William Buck proposed Internal Audit Plan, which becomes the third line of defence of the OAG defence assurance model. This plan is adequate and sustainable and looks at areas which have financial, regulatory compliance, cyber security and financial impacts. The proposed plan also takes into account aspects of Procurement and Information Management - areas which were scheduled for internal auditing in the previous audit plan.

Strategic Plans/Policy Implications

<u>Our Governance</u>
Transparent leadership that listens, communicates openly and plans for a sustainable future.
• Facilitate transparent and accountable governance for today and tomorrow.
Strive for financial sustainability and operational excellence.

Budget/Financial Implications

Funding for the internal audit plan has been included in the City's budget.

Legal Implications

Regulation 17 of the *Local Government (Audit) Regulations 1996*.

Community Consultation

N/A

Risk Management Implications

The Internal Audit Plan is designed to add value and improve the City's ability to achieve its strategic objectives. The Plan will evaluate and improve the effectiveness of the City's risk management controls and governance processes, legislative compliance and financial management.

The plan has been drafted with the oversight of the ARIC. Failure to adopt this report will result in a Moderate risk to the City in its ability to align audits to identify risks which focus on the critical areas that impact the City's ability to achieve its objectives.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) Local Government Act 1995

Nil

William Buck
ACCOUNTANTS & ADVISORS

City of Cockburn

3-Year Council Internal Audit Plan and Annual Internal Audit Plan - FY2027

September 2026

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Introduction

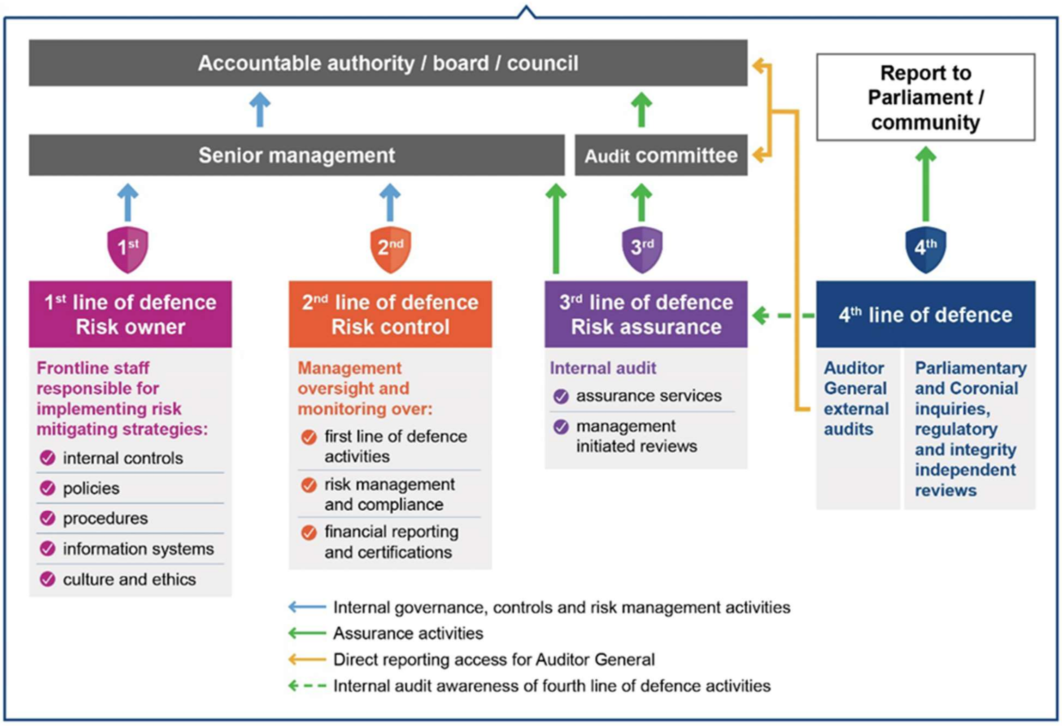
The Institute of Internal Auditors' International Professional Practices Framework requires Internal Audit to produce a risk-based plan, which considers the City of Cockburn's (the "**City**") risk management framework, knowledge of operations and internal controls derived from previous audits, its strategic objectives and priorities, the views of members of the senior leadership team and the Audit, Risk and Improvement Committee (the "**ARIC**").

The objective of the Council 3-Year and Annual Internal Audit Plan is to direct audit resources in an efficient manner to provide assurance that key risks are being managed effectively.

This document addresses these requirements by setting out a proposed and detailed Annual Internal Audit Plan for FY26/27 and the Council 3-Year Internal Audit Plan (the "**Plan**") covering the period from 1 July 2026 to 30 June 2029., The Plan has been developed based on the Strategic and Operational Risk Registers, together with consultation with Senior Management, for consideration by the ARIC.

The Annual Internal Audit Plan and rolling Council 3-year Internal Audit Plan will be reviewed and updated annually, or more frequently where required, by the ARIC to ensure that planned internal audit activities remain aligned with the City's evolving strategic, corporate and operational risks.

Internal Audit forms part of the third line of defence within the Institute of Internal Auditor's Three Lines Model. As an independent assurance function, Internal Audit plays a critical role in evaluating the effectiveness of governance, risk management and internal control processes, while providing assurance and maintaining effective liaison with Management, ARIC and Council.



Source: OAG

WilliamBuck

Internal Audit Purpose and Objectives

The aim of the City's Internal Audit Service ("**Internal Audit**") is to assist the ARIC and Management in managing risk by providing an independent, responsive, proactive and value-adding internal audit function.

The objectives of Internal Audit are to:

- Provide independent assurance over the adequacy and effectiveness of governance, risk management and internal control processes.
- Promote a culture of accountability, risk awareness and continuous improvement across the City.
- Support Management in identifying opportunities to improve organisational performance, efficiency and effectiveness.

These objectives are achieved by:

- Evaluating the City's processes for identifying, assessing and managing strategic, operational, financial and compliance risks.
- Assessing the design and effectiveness of internal controls, including compliance with policies, procedures, legislation and regulatory requirements.
- Recommending practical improvements to enhance governance, risk management and internal control frameworks.
- Monitoring emerging issues, trends and developments that may impact the City's operations and risk environment.
- Remaining responsive to the City's changing priorities and supporting continuous improvement initiatives.

Scope of Internal Audit Services

Internal Audit activities may include, but not limited to:

- Reviewing governance, risk management and internal control frameworks and recommending improvements where appropriate.
- Conducting risk-based reviews to assess and minimise the City's exposure to strategic, operational, financial and compliance risks.
- Evaluating the efficiency and effectiveness of the City's operations, programs and services, including non-financial controls.
- Assessing compliance with legislation, regulations, policies, procedures and other internal requirements
- Undertaking investigations, advisory reviews or other specific engagements requested by Management, ARIC or Council.

Internal Audit Planning Approach

The Plan aims to support the continuous improvement of the City's governance, risk management and internal control processes through a systematic and disciplined approach to evaluation and assurance.

The City's Internal Audit methodology is risk-based and aligned to the City's risk management framework. This approach enables Internal Audit resources to be directed towards areas of greatest risk and importance, ensuring audit activities remain strategic, targeted and value-adding.

By focusing on the key risk areas, Internal Audit seeks to provide assurance that:

- Management has identified, assessed, and responded appropriately to the City’s key risks.
- Risk responses and control are effective, proportionate and operating as intended.
- Further action is being taken where residual risks remain outside the City's risk appetite or tolerance.
- Risk management processes and control activities are regularly monitored and reviewed by Management to ensure ongoing effectiveness.
- Risks, controls, treatments and management actions are appropriately documented, classified, monitored and reported.

Additional Internal Audit Activities

The role of Internal Audit extends beyond the audits included within the Annual Internal Audit Plan. From time to time, Internal Audit may undertake reviews of emerging risks, new initiatives, projects, systems or processes that were not identified or anticipated during the development of this Plan.

Requests for Internal Audit to undertake such reviews, advisory engagements or other related services will be considered and agreed with the relevant Corporate Executive members and, where appropriate, communicated to the ARIC.

Development of the Council 3-Year Internal Audit Plan

The Strategic Internal Audit Plan is founded on an assessment of audit need, which determines the level of assurance required over the City's key systems and controls. This assessment identifies the inherent risks facing the City and the internal audit resources necessary to provide assurance on the design and effectiveness of related controls.

A combined top-down and bottom-up methodology is used:

- The top-down component identifies the City's highest inherent risks and the key controls intended to manage them.
- The bottom-up component maps the audit universe and aligns audit coverage with the City's broader assurance environment, including activities across all lines of defence.

The audit needs assessment is informed by a review of the City's Strategic and Operational Risk Registers, previous internal audit reports, relevant external audit findings, and discussions with Executive Management.

The audit needs assessment will be revised on an on-going basis (at least annually) to take account of any changes in the City's risk profile. Any changes to the internal audit plan are to be recommended by the ARIC for Council endorsement.

Historical Audit Coverage and Audit Recommendation Follow-up

The table below outlines the Internal Audit reviews performed between FY17/18 and FY25/26 and has been used to inform the development of the proposed Internal Audit Plan. The table provides an overview of historical audit coverage and assists in identifying areas for future audit consideration. The information has been compiled based on historical records and documentation provided by the City and accordingly is subject to the completeness and accuracy of those records.

Audit Topic	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26
Fleet Management					✓			✓	■
Strategic Resources Allocation			✓						
Privacy of Data and Information			✓						
Contract Management				✓					
Effectiveness of Service Delivery Planning and Review Processes				✓	✓				
Statutory Financial Management Review (Systems and Procedures)			■		✓	■		■	
Procurement								✓	
Information Management				■				■ ✓	
Corporate Card Expenditure, Controls and Reporting							✓	■	
“Acting through”								■ ✓	
Timely Payment of Suppliers by OAG	■								
Regulation 17				■				■	

✓ Scheduled in Annual Internal Audit Plan
■ Audit identified from Audit Log and ARIC meeting minutes

Note: Historical information is based on records provided by the City and may not represent a complete audit history

Annual Internal Audit Plan

We recognise that the City's risk profile, operating environment and priorities will continue to evolve over time. Accordingly, the Annual Internal Audit Plan will be reviewed and developed each year prior to the commencement of the relevant financial year.

In consultation with Management, ARIC and Council, we will develop a risk-based Annual Internal Audit Plan that reflects the City's key risks, priorities and assurance requirements. The proposed Annual Internal Audit Plan will be presented to the CEO and ARIC at the commencement of each financial year for review, consideration and approval.

The review process should consider, at a minimum, the proposed audit areas, audit objectives and scope, timing of engagements, resource requirements and other logistical considerations. An understanding of the City's business areas, strategic objectives, operating environment, key stakeholders and business cycles should also be incorporated to ensure the Internal Audit Plan remains relevant, practical and risk-focused.

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Audit Log and Recommendation Follow-up

As part of the FY2026/27 Internal Audit Plan, Internal Audit proposes to undertake a review of the City's Audit Log and the status of historical audit findings and recommendations. The objective of this review is to assess the effectiveness of the City's processes for monitoring, reporting and implementing agreed audit actions, and to provide Management and the ARIC with a clearer understanding of the City's overall progress in addressing previously identified control weaknesses and improvement opportunities.

The review will focus on audit findings and recommendations arising from internal audits and other relevant assurance activities. Findings and recommendations issued by the Office of the Auditor General ("**OAG**") will be excluded as these are subject to annual OAG's financial audit process.

Council Internal Audit Plan

The following sections outline the proposed Council 3-Year Internal Audit Plan and Annual Internal Audit Plan.

Table 1 provides an overview of the **proposed audit topics** and their associated **risks**, supporting the risk-based prioritisation of internal audit activities.

Table 2 outlines an **overview** of the proposed 3-Year Internal Audit Plan, including the planned audit reviews and indicative hours allocated to each review across the three-year planning period.

Table 3 summarises the indicative hours allocated to internal audit administration, governance and committee support activities over the three-year planning period.

Table 4 outlines the **total** indicative Internal Audit hours required across the three financial years covered by the Plan, including planned audit engagements and related Internal Audit activities.

Table 5 outlines the estimated Internal Audit **costs** for the three-year planning period, including planned audit engagements, administrative activities and committee support services.

The following should be noted:

- Audit objectives and scope have been developed for FY26/27 only, as detailed in Table 6.
- The Annual Internal Audit Plan is a live document and will be reviewed at least annually to ensure it continues to align with the City's evolving needs, priorities and risk profile. Newly identified risks and changes in priorities will be considered throughout the year and, where necessary, the Annual Internal Audit Plan will be updated and re-presented to the ARIC. The audit reviews and associated hours identified for FY27/28 and FY28/29 are indicative and will be reassessed during each annual planning cycle.
- The audit objectives and scope for reviews scheduled in FY27/28 and FY28/29 will be determined as part of the annual review and planning process. Accordingly, the Internal Audit review hours shown in Table 2 for future years are indicative only and will be refined during subsequent annual planning reviews. William Buck will maintain flexibility in scheduling reviews to accommodate City staff availability and minimise disruption to business-as-usual operations.
- Ad hoc internal audit engagements may be requested by the City, Management or the ARIC to address emerging risks, new initiatives, incidents or other matters requiring independent review. Such engagements have not been included within this Plan and will be separately scoped, prioritised and funded. Any additional budget requirements will be agreed and approved by the City and the ARIC prior to commencement of the engagement.

Annexure A outlines the "Audit Universe" identified during the planning process.

Audit Topics and Associated Risks

Table 1: Overview of the proposed audit topics and their associated risks, supporting the risk-based prioritisation of internal audit activities.

Audit Topic	Associated Risks
Audit Log	**Governance and Oversight Risks** — Audit findings and recommendations are not adequately tracked, resulting in unresolved control weaknesses. — Management and the ARIC are not provided with accurate or timely information regarding the status of outstanding recommendations. — Repeat audit findings occur due to ineffective implementation of agreed actions. **Compliance Risks** — Failure to implement audit recommendations may result in non-compliance with legislative, regulatory, policy, or contractual requirements. — Overdue audit actions may expose the organisation to increased regulatory scrutiny or adverse audit opinions. **Operational Risks** — Recommendations are incorrectly assigned to responsible officers or business units. — Due dates are not monitored, resulting in delays in remediation activities. — Progress updates provided by management are inaccurate or unsupported. **Risk Management Risks** — High-risk findings are not prioritised appropriately. — Residual risks remain unmitigated because corrective actions have not been effectively implemented. — Emerging themes and systemic control weaknesses are not identified through analysis of audit findings. **Accountability Risks** — Roles and responsibilities for monitoring and implementing audit recommendations are unclear. — There is insufficient executive ownership and accountability for overdue actions.
Procurement-to-pay	**Governance and Compliance Risks** — Non-compliance with procurement legislation, policies, delegations and contractual obligations. — Procurement activities not conducted in a fair, transparent and accountable manner. — Failure to comply with tendering, quotation and approval requirements. — Inadequate management of conflicts of interest, gifts and hospitality declarations. **Financial Risks** — Unauthorised, inaccurate or fraudulent expenditure. — Duplicate, erroneous or unsupported payments. — Incorrect application of purchase orders, invoices and payment processing controls. — Budget overruns resulting from inadequate expenditure monitoring and approval processes.

Audit Topic	Associated Risks
	— Procurement fraud, collusion or inappropriate vendor arrangements. **Operational Risks** — Procurement activities not aligned to business needs or value-for-money principles. — Delays in sourcing goods and services impacting operational objectives. — Inefficient procurement processes resulting in excessive administrative costs. — Inadequate contract management leading to poor supplier performance or service delivery failures. **Information and Reporting Risks** — Inaccurate procurement and expenditure data impacting management decision-making. — Inadequate monitoring and reporting of procurement activities and contract performance. — Insufficient audit trails to demonstrate compliance and accountability. **Fraud and Integrity Risks** — Circumvention of procurement requirements through purchase splitting or unauthorised procurement methods. — Payments made for goods or services not received. — Favouritism, conflicts of interest or inappropriate supplier selection practices. — Creation of fictitious vendors or unauthorised amendments to vendor master data.
Grants Management	**Governance and Strategic Risks** — Grants are not aligned with organisational objectives, strategic priorities, or legislative requirements. — Inadequate governance arrangements result in inconsistent grant administration and decision-making. — Roles, responsibilities, and accountabilities for grant management are unclear. **Grant Assessment and Approval Risks** — Grant applications are not assessed consistently against established eligibility and assessment criteria. — Inappropriate influence, bias, conflicts of interest, or perceived favouritism affect funding decisions. — Funding approvals are not supported by adequate documentation or delegated authority. — Ineligible recipients receive grant funding. **Financial Management Risks** — Grant funds are not used for their intended purpose. — Payments are made without adequate verification or approval. — Duplicate, incorrect, fraudulent, or unsupported payments occur. — Overpayments or underpayments are not identified and recovered promptly. — Grant expenditure exceeds approved budgets. **Contract and Agreement Management Risks** — Grant agreements are incomplete, inaccurate, or not executed before funding is released.

Audit Topic	Associated Risks
	— Grant obligations, milestones, performance indicators, and reporting requirements are inadequately defined. — Changes to grant agreements are not properly reviewed and authorised. **Monitoring and Acquittal Risks** — Grant recipients fail to meet agreed outcomes, milestones, or performance requirements. — Progress reports and acquittals are not obtained, reviewed, or assessed appropriately. — Non-compliance by grant recipients is not detected or addressed. — Unspent funds are not identified and recovered where required. **Fraud, Integrity and Compliance Risks** — Fraudulent applications are approved. — Conflicts of interest are not declared or managed appropriately. — Grant funding is misappropriated or used for unintended purposes. — Non-compliance with legislation, funding agreements, policies, or grant program requirements results in financial or reputational damage. **Information and Reporting Risks** — Grant records are incomplete, inaccurate, or not adequately maintained. — Management reporting does not provide reliable information on grant performance and outcomes. — Decision-making is compromised by poor-quality information.
Landfill Capping	**Strategic and Environmental Risks** — Landfill capping activities do not comply with environmental licence conditions, regulatory requirements, or approved closure plans. — Failure to adequately cap landfill cells results in environmental contamination, pollution, or long-term remediation costs. — Community expectations and environmental commitments are not met, leading to reputational damage. **Planning and Design Risks** — Landfill capping designs are not developed in accordance with regulatory standards, engineering specifications, or approved closure plans. — Geotechnical, environmental, and engineering assessments are inadequate to support capping requirements. — Inappropriate capping materials or construction methods are selected. — Risks associated with settlement, erosion, gas emissions, and water infiltration are not adequately considered. **Project Management Risks** — Landfill capping projects experience cost overruns, delays, or scope changes. — Project milestones and deliverables are not effectively monitored. — Contractor performance is not adequately managed. — Project governance and decision-making arrangements are ineffective.

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Audit Topic	Associated Risks
	Environmental and Compliance Risks — Capping works fail to achieve required environmental outcomes. — Surface water infiltration is not adequately controlled, resulting in contaminated leachate generation. — Landfill gas migration is not effectively managed. — Environmental monitoring and reporting obligations are not fulfilled. — Non-compliance with licence conditions results in regulatory enforcement action. **Health and Safety Risks** — Construction activities expose workers, contractors, or the public to safety hazards. — Site access, traffic management, excavation, and plant operation risks are inadequately controlled. — Occupational health and safety requirements are not complied with.
Integrity Risk – including conflict of interest, gifts and hospitality	**Governance and Ethical Conduct Risks** — Ethical standards, codes of conduct, policies and procedures are inadequate or not effectively implemented. — Governance arrangements do not adequately support ethical decision-making and accountability. — Management does not promote a culture of integrity and ethical behaviour. **Conflict of Interest Risks** — Actual, perceived or potential conflicts of interest are not identified, declared or managed appropriately. — Conflicts of interest influence procurement, recruitment, grant allocation or other business decisions. — Conflict of interest declarations are incomplete, inaccurate or not regularly updated. **Gifts and Hospitality Risks** — Gifts, benefits and hospitality are accepted or provided inappropriately. — Gifts and hospitality registers are incomplete, inaccurate or not maintained. — Staff fail to comply with gifts and hospitality policies and reporting requirements. **Fraud and Corruption Risks** — Fraud, corruption, bribery or misconduct is not prevented, detected or appropriately investigated. — Weak controls increase opportunities for inappropriate influence or personal gain. — Allegations of misconduct are not managed consistently and confidentially. **Compliance and Reputational Risks** — Non-compliance with legislation, policies and integrity frameworks. — Integrity breaches result in regulatory scrutiny, reputational damage or loss of public trust. — Failure to manage integrity risks impacts stakeholder confidence in Council decisions.

Audit Topic	Associated Risks
Project Delivery and Capital Projects	**Governance and Oversight Risks** — Project governance arrangements are inadequate to support delivery objectives. — Roles, responsibilities and accountability for projects are unclear. — Project reporting does not provide accurate or timely information. **Project Planning Risks** — Project scope, objectives, budgets and timelines are not adequately defined. — Feasibility assessments and business cases are incomplete or unsupported. — Key project risks are not identified or appropriately managed. **Delivery and Performance Risks** — Projects experience cost overruns, delays or scope creep. — Milestones and deliverables are not achieved as planned. — Project benefits and outcomes are not realised. **Procurement and Contract Risks** — Procurement activities do not comply with legislative and policy requirements. — Contractor performance is not effectively monitored and managed. — Project variations are not appropriately approved or documented. **Financial Risks** — Capital expenditure is not appropriately controlled or monitored. — Project budgets are exceeded without adequate authorisation. — Payments are made for incomplete or unsatisfactory works.
ICT Governance	**Governance and Strategic Risks** — ICT strategy is not aligned with organisational objectives and priorities — ICT investments do not deliver expected business outcomes — ICT governance arrangements are ineffective or poorly defined **Cyber Security Risks** — Cyber security controls do not adequately protect systems and data — Unauthorised access, cyberattacks or data breaches occur — Vulnerability management and security monitoring processes are inadequate **Systems and Operations Risks** — Critical ICT systems experience outages or service disruptions — System changes are not appropriately tested, approved or implemented — ICT assets are not effectively managed throughout their lifecycle **Information Management Risks** — Sensitive information is not adequately protected — Data quality, integrity and availability are compromised — Information retention and disposal practices do not comply with requirements

Audit Topic	Associated Risks
	Compliance Risks — ICT practices do not comply with legislative, regulatory or policy requirements. — Business continuity and disaster recovery arrangements are inadequate. — Third-party ICT service providers are not effectively governed.
Artificial Intelligence (AI)	**Governance and Strategic Risks** — AI initiatives are not aligned with organisational objectives or priorities. — Governance frameworks for the use of AI are not established or effective. — Roles, responsibilities and accountability for AI use are unclear. **Ethical and Decision-Making Risks** — AI-generated outputs are biased, inaccurate or unreliable. — AI tools are used without appropriate human oversight. — Decisions influenced by AI are not transparent or explainable. **Information and Security Risks** — Sensitive or confidential information is disclosed through AI platforms. — AI solutions do not comply with privacy and information security requirements. — Data used to train or support AI models is inaccurate or inappropriate. **Compliance Risks** — AI use does not comply with relevant legislation, regulations or policies. — Emerging regulatory requirements relating to AI are not identified or addressed. — AI-related risks are not incorporated into risk management processes. **Operational Risks** — Staff use AI tools without adequate guidance, training or approval. — Reliance on AI results in errors, poor decisions or service delivery impacts. — AI-generated content is not adequately reviewed before use.
Drainage Management / Environmental Management	**Strategic and Environmental Risks** — Environmental objectives, obligations and commitments are not achieved. — Environmental impacts are not effectively identified, monitored or mitigated. — Failure to manage drainage assets results in environmental harm. **Asset Management Risks** — Drainage infrastructure is not adequately maintained or monitored. — Asset condition and performance information is incomplete or inaccurate. — Asset renewal and replacement requirements are not appropriately planned. **Operational Risks** — Drainage systems are unable to effectively manage stormwater flows. — Flooding events disrupt services and damage assets or property. — Maintenance activities are not performed in accordance with plans or priorities.

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Audit Topic	Associated Risks
	Compliance Risks — Environmental legislation, licence conditions and regulatory requirements are not met. — Required environmental monitoring and reporting obligations are not fulfilled. — Non-compliance results in regulatory enforcement or penalties. **Financial and Reputational Risks** — Inadequate drainage management results in increased remediation costs. — Environmental incidents result in community complaints and reputational damage. — Funding requirements for environmental and drainage initiatives are underestimated.

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Planned Internal Audit Reviews

Table 2: The proposed 3-Year Internal Audit Plan, including the planned audit reviews and indicative hours allocated to each review across the three-year planning period.

Audit Topic	FY26/27 (hours)	FY27/28 (hours)	FY28/29 (hours)
Year 1			
Audit Log	85		
Grants Management	86		
Year 2			
Procurement-to-pay		123	
Integrity Risk – including conflict of interest, gifts and hospitality		121	
Project Delivery and Capital Projects		106	
Year 3			
ICT Governance			86
Artificial Intelligence			66
Drainage Management / Environmental Management			86
Landfill Capping			86
Total Hours	**171**	**350**	**324**

Internal Audit Administration and Governance Activities

Table 3: Indicative hours allocated to internal audit administration, governance and committee support activities over the three-year planning period

Activity	Frequency	FY26/27 (hours)	FY27/28 (hours)	FY28/29 (hours)
Annual Internal Audit Plan	Annually	22	15	22
Preparation and attendance at the Audit, Risk and Improvement Committee	As Required	8	8	8
Total		**30**	**23**	**30**

Total Internal Audit Hours

Table 4: Indicative Internal Audit hours required over the three financial years covered by the Plan, including planned audit engagements and related Internal Audit activities.

Activity	FY26/27 (hours)	FY27/28 (hours)	FY28/29 (hours)
Internal Audit Reviews	171	350	324
Other Services (as above)	30	23	30
Total	**201**	**373**	**354**

Total Costs

Table 5: Estimated Internal Audit costs for the three-year planning period, including planned audit engagements, administrative activities, and committee support services

Planned Activity	FY26/27	FY27/28	FY28/29
Audit Log	$12,535		
Grants Management	$11,642		
Procurement-to-pay		$16,353	
Integrity Risk – including conflict of interest, gifts and hospitality		$15,878	
Project Delivery and Capital Projects		$13,751	
ICT Governance			$12,769
Artificial Intelligence			$9,933
Drainage Management / Environmental Management			$11,642
Landfill Capping			$11,642
Other Services (as above)	$7,110	$5,451	$7,110
Total	**$31,287**	**$51,433**	**$53,096**

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Objectives and Scope of FY26/27 Annual Internal Audit Plan

Table 6: Indicative audit objectives and scope for the internal audit reviews included in the FY26/27 Annual Internal Audit Plan.

Audit Topic	Objective/Scope
Audit Log	To undertake this review, Internal Audit will engage with Directors, Heads of Business Units and relevant managers across the City to obtain an understanding of the processes, controls and governance arrangements established to manage audit findings and recommendations. This will include assessing how audit actions are assigned, monitored, tracked, validated and reported, as well as the mechanisms used to oversee implementation progress, manage overdue actions, and maintain accountability for the timely remediation of identified issues. Internal Audit will evaluate whether business units have established appropriate governance arrangements and processes to support the effective implementation of audit recommendations. Where governance arrangements are absent, inadequate or ineffective, or where there is insufficient evidence demonstrating a structured and disciplined approach to implementing agreed management actions, Internal Audit may conclude that the relevant recommendations have not been effectively implemented. For recommendations reported by Management as completed, and where appropriate governance and implementation processes are evident, Internal Audit will select a **sample of recommendations** for detailed testing. This testing will seek to validate the reported implementation status and assess whether agreed management actions have been fully implemented, are operating effectively in practice, and have appropriately addressed the underlying risks or issues identified by the original audit. This approach will provide an **efficient and risk-based** assessment of the effectiveness of the City's audit recommendation management framework. It will also identify recurring themes, implementation barriers, systemic issues and opportunities to strengthen governance processes and drive continuous improvement in the management and closure of audit recommendations. **Internal Audit Objective** — To assess the effectiveness of the City's governance arrangements, processes and practices for managing, monitoring and reporting audit findings and recommendations, and to determine whether agreed management actions are implemented, appropriately evidenced and effectively monitored to support the timely remediation of identified risks and control weaknesses **Internal Audit Scope** **Governance and Accountability** — Roles, responsibilities and accountability for implementing audit recommendations — Roles, responsibilities and accountability — Executive and ARIC oversight — Consistency across business units **Recommendation Register Management** — Recommendation management processes and practices — Roles, responsibilities and action ownership — Tracking, monitoring and escalation processes — Management and ARIC reporting arrangements

Audit Topic	Objective/Scope
	— Consistency of practices across business units **Audit Log Administration** — Completeness of Audit Log information — Audit findings, recommendations and risk ratings — Responsible officers, due dates and status tracking — Accuracy of recommendation status reporting — Supporting evidence and closure documentation **Recommendation Status and Reporting** — Status of audit findings and recommendations — Accuracy of progress reporting — Management and ARIC reporting — Overdue and high-risk recommendations **Recommendation Implementation and Validation** — Validation of selected recommendations — Evidence supporting implementation — Closure approval processes — Timeliness of remediation actions
Procurement-to-pay review (end-to-end)	**Internal Audit Objective** — To assess whether the City's Procure-to-Pay processes are effective, efficient, and appropriately controlled to ensure procurement activities are conducted in accordance with legislative requirements, organisational policies, delegated authorities, and principles of value for money, and that payments are accurate, authorised, timely, and supported by appropriate documentation. **Internal Audit Scope** **Procurement Planning and Initiation** Assess whether: — Procurement planning considers value-for-money principles and procurement risk. — Roles, responsibilities, and approval requirements are clearly defined. **Supplier Selection and Engagement** Assess whether: — Procurement methods are selected in accordance with policy and legislative requirements. — Quotations and tenders are obtained and evaluated appropriately. — Procurement decisions are transparent, documented, and support value for money. — Conflicts of interest are declared and managed. — Supplier due diligence is undertaken before engagement.

Audit Topic	Objective/Scope
	Contract and Purchase Order Management Assess whether: — Purchase orders are raised and approved before commitments are made. — Contracts are appropriately executed and stored. — Contract variations are appropriately approved and documented. **Goods Receipt and Service Verification** Assess whether: — Goods and services received are verified before payment. — Evidence of receipt and acceptance is maintained. — Segregation of duties exists between ordering, receiving, and payment functions. — Discrepancies are identified and addressed promptly. **Accounts Payable and Invoice Processing** Assess whether: — Invoices are matched against purchase orders, contracts, and receiving records — Payments are supported by valid and complete documentation. — Duplicate or fraudulent invoices are prevented or detected. — Invoice processing occurs in accordance with organisational policies and supplier terms. **Payment Processing** Assess whether: — Payments are authorised in accordance with delegations. — Bank account changes and supplier master file amendments are appropriately controlled. — Electronic payment processes are secure. — Payments are accurate, complete, and made only for legitimate business purposes.
Grants Management	**Internal Audit Objective** — To assess whether the City's grants management framework, processes, and controls are effective in ensuring grants are administered transparently, consistently, and in accordance with legislative requirements, organisational policies, funding program objectives, and delegated authorities, and that grant funds are used for their intended purpose and deliver the expected outcomes **Internal Audit Scope** **Governance and Framework** Assess whether: — Appropriate grants management policies, procedures, and guidance exist. — Roles, responsibilities, and accountabilities are clearly defined. — Grant programs align with strategic and legislative requirements.

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Audit Topic	Objective/Scope

	Grant Program Design
	Assess whether:
	— Eligibility criteria are clearly defined and documented.
	— Assessment methodologies are transparent and consistently applied.
	— Funding objectives and expected outcomes are appropriately established.
	Application Assessment and Approval
	Assess whether:
	— Applications are assessed against approved criteria.
	— Conflicts of interest are identified, declared, and managed.
	— Funding decisions are appropriately approved in accordance with delegations.
	— Successful and unsuccessful applications are appropriately documented.
	Grant Agreements and Contract Management
	Assess whether:
	— Funding agreements are executed before funding is released.
	— Agreements clearly define:
	    — Funding amounts
	    — Milestones and deliverables
	    — Reporting and acquittal requirements
	    — Performance measures
	    — Compliance obligations
	— Variations to agreements are appropriately authorised and documented.
	Grant Payment Processes
	Assess whether:
	— Payments are supported by approved funding agreements.
	— Milestone-based payments are appropriately verified.
	Monitoring and Performance Management
	Assess whether:
	— Grant recipients submit required progress reports.
	— Milestone achievement is monitored and verified.
	— Performance against intended outcomes is assessed.
	Acquittals and Close-Out
	Assess whether:
	— Financial and performance acquittals are received and reviewed.
	— Supporting evidence is assessed for completeness and accuracy.
	— Unspent or ineligible expenditure is identified.
	— Recovery processes exist where funding conditions are not met.

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Annexure A: Audit Universe

The table below outlines the City's auditable areas, including audit reviews incorporated within the proposed 3-Year Internal Audit Plan and additional areas that may be considered during future planning cycles.

Review of the Audit Log	Petty Cash and Storecards, e.g., Bunnings	Payroll Compliance
Procurement-to-pay (end to end)	Fraud & Integrity (bank account, credit Masterfile)	Grants Management
Asset Management (Fleet management, portable attractive assets, asset lifecycle, disposal)	Business Continuity Management & Emergency Management	Regulation 17
Revenue (fees and charges)	Information Management (Privacy, PRIS, Data Governance)	Waste Management
Childcare safety	Financial Controls	Workforce Planning
WHS including psychosocial hazards	Project Delivery and Capital Projects	Contract Management and Performance
Cybersecurity	Climate Resilience	Vulnerable People
Fraud management	Landfill Capping	Customer Service

Thank You

We look forward to working with you.

Duy Vo
duy.vo@williambuck.com

Perth Office
Level 3, 15 Labouchere Road, South Perth WA 6151
PO Box 748, South Perth WA 6951

Telephone: +61 8 6436 2888
wa.info@williambuck.com

William Buck

williambuck.com

11.2.3 Audit, Risk and Improvement Strategy Update

Executive	Chief Executive Officer
Author	Risk and Governance Advisor
Attachments	1. Audit, Risk and Improvement Strategy 2026-2028 - June 2026 ⇩

Recommendation
That Council:

(1) RECEIVES the Audit, Risk and Improvement Strategy Update; and

(2) ACKNOWLEDGES the work that the City has undertaken to date on the City of Cockburn Audit, Risk and Improvement Strategy 2026-2028.

Background

At its 26 May 2026 Audit Risk and Improvement Committee (ARIC) Meeting , the City of Cockburn (the City) updated the Audit, Risk and Improvement Committee on the procurement process undertaken by the City that resulted in Ethical Governance being appointed to facilitate in developing and implementing the City's Integrity Strategy Improvement Framework aligned to the Integrity Strategy of the Public Sector Commission (PSC).

This report is an update to the ARIC on progress made since the 26 May 2026 update to the ARIC.

Submission

N/A

Report

The City reported to the 25 November 2025 ARIC completing the Integrity Framework Maturity Self-Assessment Tool, which allowed the City to self-assess itself against four maturity levels in 13 nominated integrity elements.

This self-assessment was supported by numerous City policies, frameworks, guidelines, processes, and systems, including but not limited to:
- The City's Risk Maturity Improvement Plan, which was informed by the Moore Australia Risk Maturity report presented to the ARC at its 25 May 2023 meeting
- The Governance Improvement Guidance Plan, which resulted from the 2024 RokSteady Governance Review of the City.

On 4 June 2026, Ethical Governance, using the City's self-assessment above as a foundation, facilitated an Integrity Framework Maturity Assessment Workshop for the City's Senior Management Leadership Team (SLT).

The SLT holds the most reliable evidence about how integrity operates in practice in the City. The purpose of the workshop was to reveal that evidence, structure it, and use it to build an Integrity Strategy Improvement Framework aligned to the Integrity Strategy of the PSC.

Following the Workshop, Ethical Governance drafted an integrity framework for the City. Subsequently, SLT was invited to review the draft framework, and the peer reviewed document titled City of Cockburn Audit, Risk and Improvement Strategy 2026-2028 (the Framework) is presented (refer Attachment 1).

The Framework is presented to the ARIC to ensure that the Committee reviews the document before the City formally publishes it in its intranet. Following publication on the intranet, the City will conduct training sessions with all workers to ensure that the integrity strategy becomes embedded in the as part of the City of Cockburn culture.

Strategic Plans/Policy Implications

<u>Our Economy</u>
Attracting investment, supporting business and visitor growth and boosting local jobs through vibrant hubs.
• Attract investment to the City by promoting innovation and economic opportunity.

<u>Our Governance</u>
Transparent leadership that listens, communicates openly and plans for a sustainable future.
• Facilitate transparent and accountable governance for today and tomorrow.
• Strive for financial sustainability and operational excellence.

Budget/Financial Implications

The engagement of Ethical Governance is being managed within existing Corporate Business Plan and Budget processes.

Legal Implications

The work undertaken to-date on the City of Cockburn Audit, Risk and Improvement Strategy 2026-2028 will assist the City to comply with its legal obligations and align it to the PSC Integrity requirements.

Community Consultation

N/A

Risk Management Implications

The Integrity Strategy can include actions to better manage any identified integrity risks.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) Local Government Act 1995

Nil

Audit, Risk and Improvement Strategy 2027-2029

Document Control

Document Record			
Document title	Audit, Risk and Improvement Strategy		
ECM document name	City of Cockburn Audit, Risk and Improvement Strategy 2027-2029		
ECM document set ID	12765684		
ECM Subject Code	021/012 – Integrity Framework/Strategy		
Review and approval			
Maintained by	Risk & Governance Advisor		
Version number	1	Version date	June 2026
Reviewed by	SLT	Date reviewed	
Approved by	Chief Executive Officer	Date approved	
Frequency of review	Annually	Next review date	June 2027
NOTE: The City of Cockburn will review this framework on a biennial basis, but will also make incremental changes, modifications, and adjustments as conditions warrant. This framework document goes through continuous ongoing changes based on the risk maturity level of the City of Cockburn.			

Record of changes / issues			
Version	Date	Comments / reasons for change	Made by
1	19/06/2026	Legal and Risk internal review	Council

Distribution	
Name	Position
City of Cockburn	All City of Cockburn workers, organisation-wide

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1 Introduction

1.1 Public Sector Commission Integrity Strategy

The Western Australian Government has adopted an Integrity Strategy “Embedding Integrity” for WA Public Authorities 2024-2028. This strategy focuses on 4 key improvement areas with actions and controls to promote integrity and help prevent misconduct and corruption. Under each of the key improvement areas are actions for the Public Sector Commission (the PSC), public authorities, and for individuals:

1. Plan and act to improve integrity
2. Model and embody a culture of integrity
3. Learn and develop integrity knowledge and skills
4. Be accountable for integrity.

The Strategy encompasses the broad work of the City of Cockburn (the City) Audit, Risk and Compliance Committee (ARIC).

As part of the PSC Strategy, agencies are expected to conduct an Integrity Maturity Self-Assessment against a standardised tool (the Integrity Tool). This identifies 13 elements of integrity which form the building blocks of any agency’s approach to integrity. The City will have many of these building blocks in place.

This is reflective of the importance placed on improvement through the ARIC and Council.

The Integrity Tool allows the City to its progression on each element. The City can then set its target for future progress in relation to each element. This future progress can then be mapped into this document, the City’s Integrity Strategy, for regular reporting to the ARIC and Council.

The Integrity Strategy applies to all City workers undertaking any function for or on behalf of the City.

1.2 Executive Summary

The City of Cockburn Audit, Risk and Improvement Strategy 2026–2028 (the Strategy – this document) is the primary instrument for planning and building integrity across every level of the City. It establishes a clear framework of priorities, actions and accountabilities to advance integrity maturity across the organisation over the two-year strategy period.

The Strategy is informed by a comprehensive Integrity Framework Maturity Assessment conducted across thirteen elements and a leadership workshop. The assessment established the City's baseline position — identifying genuine strengths the Strategy builds on, and priority development areas it directly addresses.

The City's baseline position reflects a strong foundation: governance structures are in place, delegations and compliance calendars are active, the Employee Code of Conduct has been refreshed, and the Executive Leadership Team reinforces values through regular briefings. The assessment also identified four priority areas requiring targeted action: Fraud and Corruption Detection, Response to Integrity Breaches, Organisational Culture, and Risk Analysis and Planning.

The assessment identified that strengthening confidence in reporting, escalation and constructive challenge will be critical to sustaining an embedded integrity culture. Integrity can only be sustained where people feel safe to raise concerns, challenge decisions and escalate issues without fear of adverse consequences.

The Strategy is organised around five strategic priorities, each with specific actions, accountabilities and timeframes. It is designed to build on what already works, utilise existing systems and governance structures, and deliver measurable improvements in integrity maturity by 2028.

2 Integrity Vision

2.1 What Integrity Means for the City of Cockburn

INTEGRITY VISION

To be a trusted, integrity-led local government where ethical decision-making, accountability and continuous improvement are embedded in everyday practice, strengthening confidence among our community, elected members and employees.

Integrity at the City of Cockburn means:

- Clear governance arrangements, defined responsibilities and accountable decision-making.
- Leaders who consistently reinforce organisational values through their actions and behaviours.
- A culture where risks, concerns and opportunities for improvement are identified, discussed and addressed.
- Continuous learning and improvement informed by audits, reviews, reporting and emerging risks.

2.2 Strategic Outcomes

By 2028, the City of Cockburn will have an embedded integrity culture supported by capable leaders, informed employees, effective controls and transparent oversight mechanisms that enable the City to identify, prevent and respond to integrity risks with confidence.

Successful implementation of this Strategy will deliver measurable improvements across the City's integrity maturity profile. By 2028 the City aims to:

01	02	03
Build an integrity culture where ethical behaviour is visibly reinforced by leaders at all levels.	Strengthen organisational capability to identify, detect and respond to integrity risks.	Establish a mature integrity governance framework supported by robust oversight, reporting and continuous improvement.

3 Context and Purpose

3.1 Why Integrity Matters

Integrity is essential to effective local government. It enables the City to exercise delegated authority, manage public resources and deliver services in a manner that is transparent, accountable and worthy of community trust.

The *Local Government Act 1995* (as reformed) and the Public Sector Commission's integrity framework place clear expectations on elected members, the CEO and all officers. The formation of the Audit, Risk and Improvement Committee (ARIC) — requiring independent external leadership — signals a legislative expectation that integrity oversight will be strengthened, not merely maintained.

The City operates in an environment of increasing scrutiny. Reforms to the Local Government Act, the introduction of Privacy and Responsible Information Sharing (PRIS) legislation, and the ongoing work of the PSC and the Office of the Auditor General all require the City to move beyond reactive compliance toward a proactive, embedded integrity culture.

3.2 Scope

This Strategy applies to all elected members, the Chief Executive Officer, all officers (permanent, fixed-term and casual) and contractors performing functions on behalf of the City. It covers the full range of integrity risk — misconduct, fraud and corruption, conflicts of interest, information management, procurement and culture — addressing both prevention and detection.

3.3 Strategic Design Principles

The Strategy is designed around the following principles:

◆ **Lead by Example** Integrity is reinforced through visible leadership behaviour. Leaders at every level are expected to model the standards they seek from others.	◆ **Embed, Don't Add** Integrity should be integrated into existing systems, processes and governance arrangements rather than managed through parallel structures.
◆ **Communicate Proactively** Integrity is strengthened through regular discussion, visible leadership messaging	◆ **Integrity by Design** Integrity should be supported by consistent expectations, processes and

and ongoing engagement across the organisation. Engagement includes training/learning opportunities.	accountability mechanisms that endure beyond individual roles or personalities.
◆ **Courageous Accountability** Leaders and employees are expected to take ownership of decisions, raise concerns, challenge constructively and address issues early.	◆ **Learn and Improve** Integrity is strengthened through reflection, learning and continuous improvement informed by audits, reviews, incidents and emerging risks.

4 Strategic Context and Baseline

4.1 Strategic Themes

Four cross-cutting themes inform all five strategic priorities and the sequencing of actions across the strategy period:

01	02	03	04
Leadership and Accountability Building visible integrity leadership across the organisation.	**Capability and Confidence** Ensuring employees understand expectations and feel confident navigating integrity issues.	**Risk Intelligence and Response** Strengthening the City's ability to identify, detect and respond to integrity risks.	**Continuous Improvement** Using audits, reviews and reporting to strengthen organisational performance.

4.2 Baseline Strengths

The Integrity Framework Maturity Assessment identified a number of strengths that provide a strong foundation for this Strategy:

- **Values and Standards** – The refreshed Employee Code of Conduct and regular leadership communications demonstrate a clear commitment to organisational values and expected standards of behaviour.
- **Roles and Responsibilities** – Delegations, decision-making authorities and separation of duties are clearly documented and embedded within operational processes.
- **Leadership and Culture** – The Executive Leadership Team actively reinforces organisational values and has invested in building integrity capability across leadership cohorts.
- **Governance and Compliance** – Established compliance monitoring processes, regulatory oversight mechanisms and active monitoring of legislative change support ongoing accountability.
- **Assurance and Oversight** – Internal and external audit programs, ARIC oversight and audit action tracking provide a mature foundation for assurance and continuous improvement.

4.3 Priority Development Areas

The Integrity Framework Maturity Assessment identified several priority areas where targeted investment and sustained focus will further strengthen the City's integrity maturity over the Strategy period:

- **Fraud and Corruption Detection** – Existing controls provide a sound foundation for fraud and corruption prevention; however, detection remains largely reliant on manual processes. The Strategy prioritises the progressive introduction of analytics-supported detection capabilities and strengthened monitoring arrangements.
- **Response to Integrity Breaches** – Established reporting processes support compliance with Public Sector Commission requirements. The Strategy strengthens this capability through a more structured approach to breach response, lessons learnt, trend analysis and organisational reporting.
- **Organisational Culture** – The Cockburn Way provides a strong cultural foundation and is well understood across the organisation. The Strategy seeks to further embed integrity as a visible and ongoing part of leadership practice, team discussions and organisational decision-making.
- **Integrity Capability and Awareness** – Integrity expectations are documented and communicated; however ongoing education and practical decision-making support can be strengthened. The Strategy establishes a structured program of induction, annual training, leadership development and integrity awareness activities to build confidence and capability across the organisation.
- **Risk Analysis and Planning** – The City has established a strong foundation for a more structured and intelligence-led approach to integrity risk management. The Strategy prioritises the full operationalisation of this capability through regular integrity risk reviews, enhanced reporting, strengthened risk ownership and improved oversight across the organisation.
- **Decision-Making Consistency** – An opportunity exists to strengthen consistency in how integrity-related decisions are identified, escalated, documented and communicated across the organisation. While the City's governance arrangements provide a strong foundation, a more structured and consistent approach to integrity decision-making would support officers and managers when navigating unfamiliar, complex or high-risk situations.

5 Strategic Priorities and Actions

The Strategy is organised around five strategic priorities. Each priority translates strategic intent into specific, accountable actions. The priorities are sequenced from foundational (culture and leadership) through to systemic (detection, response and review), reflecting the logic of the PSC Integrity Framework.

STRATEGIC PRIORITY 1 | Integrity Leadership and Organisational Culture
Embedding integrity as a visible leadership responsibility and a shared organisational expectation

Integrity culture is shaped by the behaviours leaders model, the expectations they set and the actions they take when issues arise. While the City has established a strong foundation through The Cockburn Way and leadership commitment to organisational values, maintaining an effective integrity culture requires ongoing visibility, accountability and engagement at every level of the organisation.

This priority seeks to strengthen integrity as a shared organisational responsibility by embedding integrity into leadership practice, performance expectations, communication and everyday workplace conversations.

#	Strategic Action	Lead / Owner	Timeframe	Priority
1.1	Introduce an Integrity Moment as a standing item at team meetings. Leaders share a brief integrity observation, lesson learnt, ethical dilemma, case study or practical example relevant to their work area to encourage discussion and reflection. Rotate responsibility to build shared ownership across teams.	Group Managers, People Leaders	Ongoing from Q3 2026	**HIGH**
1.2	Incorporate integrity as a Key Performance Indicator for all people leader roles and reflect it explicitly in performance review frameworks.	People & Organisational Performance	Q1 2028	**HIGH**
1.3	Conduct an annual integrity pulse survey to establish a baseline and monitor staff confidence in reporting, leadership commitment to integrity and organisational	People & Organisational Performance / Service Manager Organisational Capability and	Q1 2028 (baseline), annually thereafter	**HIGH**

#	Strategic Action	Lead / Owner	Timeframe	Priority
	culture. Develop and communicate action plans in response to findings. Commence base survey by requesting responses from these statements: — 'I know how to report suspected misconduct and or unethical behaviour'; — 'I am confident reports of misconduct are taken seriously' — I feel safe to raise concerns without fear of reprisal' — 'I understand the City's Code of Conduct and integrity expectations'.	Performance		
1.5	Develop and implement an ongoing integrity awareness training programs to increase organisational understanding of integrity obligations, reporting pathways and expected behaviours, including aspects of conflict of interests. The program may include awareness campaigns, leadership communications, practical resources and annual activities aligned with International Anti-Corruption Day (9 December). Update the codes of conduct to implement clear and up to date policies and procedures that outline gifts that are acceptable to Employees and Elected Members, introducing new clarity to help maintain effective management of gifts.	General Counsel, Communications & Engagement	Q1 2027 (launch), ongoing thereafter	MODERATE

STRATEGIC PRIORITY 2 | Integrity Capability and Clear Expectations
Building consistent understanding of integrity obligations across all roles and levels

Integrity expectations are established through policies, codes, governance frameworks and legislative obligations. Maintaining a strong integrity culture requires these expectations to be consistently understood, applied and reinforced across the organisation.

This priority focuses on building integrity capability through induction, training, practical guidance and clear expectations, ensuring employees, leaders, contractors and elected members have the knowledge and confidence to navigate integrity-related issues in their daily work.

#	Strategic Action	Lead / Owner	Timeframe	Priority
2.1	Develop and deliver a compulsory online integrity induction for all workers as part of the development of the City's improved induction approach. This to include training on elements identified throughout this Strategy.	People & Organisational Performance / External Provider	Q4 2026	**HIGH**
2.2	Require all workers to complete compulsory online integrity induction every three years as part of the development of the City's improved mandatory training approach. This to include training on elements identified throughout this Strategy.	People & Organisational Performance / External Provider	Q4 2028	**HIGH**
2.3	Review all position descriptions to incorporate explicit integrity and ethical decision-making requirements, prioritising high-risk roles and leadership positions in the first instance.	People & Organisational Performance or External Provider	Q4 2026 (high-risk roles), Q2 2028 (all roles)	**MODERATE**
2.4	Develop and promote a simple and consistent conflict of interest disclosure process with defined decision points for leaders.	General Counsel / Governance Office or External Consultant	Q3 2026 (launch), annually refreshed	**HIGH**
2.5	Develop a consistent guidance for integrity-related decisions, providing officers and managers with a structured guide for	General Counsel / Governance Office or External Consultant	Q2 2028	**HIGH**

#	Strategic Action	Lead / Owner	Timeframe	Priority
	identifying, escalating, documenting and reporting integrity matters.			
2.8	Develop and deliver integrity awareness sessions for people leaders, focusing on leadership responsibilities, Public Sector Commission integrity expectations and fostering a positive speak-up culture.	People & Organisational Performance or External Provider	Q2 2028	**MODERATE**

STRATEGIC PRIORITY 3 | Risk Intelligence and Internal Controls
Advancing from manual processes to analytics-supported risk detection and control

Risk Analysis and Planning and Fraud and Corruption Detection were identified as key development areas through the Integrity Framework Maturity Assessment. This priority strengthens the City's ability to identify, assess and respond to integrity risks through improved risk intelligence, enhanced internal controls, strengthened risk ownership and the effective use of enabling technologies.

#	Strategic Action	Lead / Owner	Timeframe	Priority
3.1	Establish an annual integrity risk review cycle including confirmation of risk ownership, control effectiveness and accountability for treatment actions as part of the City's operational risk register review.	Risk & Audit Function, Finance Services	Q2 2026 (first cycle), annually thereafter	**HIGH**
3.2	Deliver a financial accountability program incorporating budget accountability concepts into induction, team briefings and manager development.	Finance Services, People & Organisational Performance or External Facilitator	Q1 2026	**MODERATE**
3.3	Implement a program of regular and random line manager audits of staff	People Leaders, Finance Services	Q1 2028 (launch), bi-annual cycle	**MODERATE**

#	Strategic Action	Lead / Owner	Timeframe	Priority
	exercising delegated powers, with outcomes reported to Finance and the delegations register updated in real time.			
3.4	Assess opportunities to enhance compliance monitoring and reporting through existing technology platforms and automation capabilities.	Finance Services, General Counsel	Q2 2028 (pilot), Q4 2028 (recommendation)	**LOW**

STRATEGIC PRIORITY 4 | Reporting, Breaches and Closing the Loop
Making integrity reporting visible, trusted and acted upon

Response to Integrity Breaches is a key development area. This priority ensures that every issue raised is acknowledged, tracked, acted upon and — where appropriate — communicated back to the organisation. Strengthening confidence in reporting and constructive challenge is essential to sustaining an embedded integrity culture.

#	Strategic Action	Lead / Owner	Timeframe	Priority
4.1	Operationalise the Audit Action Log as a tracked register of all audit recommendations from internal audits, external audits and ARC. Provide regular reporting to ARIC on implementation progress, action status and any emerging risks or barriers to completion.	General Counsel, Finance Services	Q3 2026	**HIGH**
4.2	Develop and distribute clear written guidance for line managers on responding to integrity breaches — identification, initial steps, escalation pathways and documentation. Incorporate into manager induction.	General Counsel, People & Organisational Performance or External Consultant (guidance review)	Q4 2026	**HIGH**
4.3	Report integrity breach data —	General Counsel,	Annually	**HIGH**

#	Strategic Action	Lead / Owner	Timeframe	Priority
	de-identified and thematic — to ARIC annually following the PSC Integrity and Conduct Annual Collection.	Finance Services	from 2028	
4.4	Review and simplify existing reporting and escalation processes. Where processes are complex, provide decision-support tools. Ensure staff understand how to raise integrity concerns and what occurs after a matter is reported.	General Counsel, People & Organisational Performance	Q1 2028	**MODERATE**
4.5	Communicate integrity case outcomes to the organisation — without identifying individuals — through intranet or team briefings, to demonstrate that reporting leads to action and to build confidence in reporting pathways.	General Counsel, CEO	Ongoing from Q3 2026	**MODERATE**

STRATEGIC PRIORITY 5 | Oversight, Governance and Continuous Improvement
Embedding Audit, Risk and Improvement Committee (ARIC)as an effective oversight body and building a culture of continuous improvement

The transition to the Audit, Risk and Improvement Committee — with mandatory independent external leadership — represents a governance step-change. This priority ensures that the ARIC operates with the mandate, structure and information flows needed to provide effective integrity oversight, and that the City builds a culture of continuous self-improvement.

#	Strategic Action	Lead / Owner	Timeframe	Priority
5.1	Develop and adopt a rolling three-year internal audit plan — ensuring audit activities are informed by integrity risks and include consideration of internal control effectiveness where appropriate.	General Counsel, Finance Services, ARIC	Q3 2026	**HIGH**

#	Strategic Action	Lead / Owner	Timeframe	Priority
5.2	Establish a consistent integrity reporting rhythm to ARIC: risk dashboard, audit action log, policy compliance summary, breach data (when applicable) and survey results (when available).	General Counsel	Q3 2026 (first report), regularly thereafter	**HIGH**
5.3	Conduct a biennial Integrity Framework Maturity Assessment (next assessment 2028) and present findings to ARIC with a progress report against this Strategy. Use results to update the Strategy.	General Counsel or external consultant (assessment facilitation)	2028	**MODERATE**
5.4	Establish a structured policy governance framework to ensure policies remain current, aligned with legislative requirements and reviewed in accordance with approved review cycles.	General Counsel, CEO	Q4 2026	**MODERATE**

6 Implementation Roadmap

The following roadmap summarises the sequencing of strategic actions across the two-year Strategy period. All actions are oriented toward what the City will build and achieve from Q3 2026 onward. Phases reflect urgency, dependencies and organisational capacity.

Strategic Action	Phase 1: Q3 2026–Q2 2027	Phase 2: Q3 2027–Q2 2028	Phase 3: Q3 2028 Onwards
PRIORITY 1 — Integrity Leadership and Organisational Culture			
1.1 Integrity Moment in team meetings	Launch and establish	Sustained and reviewed	Embedded in culture
1.2 Integrity Working Group	Establish Q3 2026	Active program	Embedded in governance rhythm
1.3 Integrity KPI for people leaders	Design and implement Q4 2026	First annual review	Ongoing
1.4 Integrity pulse survey (annual)	Baseline Q1 2028	Year 2 survey + action plan	Annual — action plans communicated
1.5 Integrity leadership forums (annual)	Q1 2028 (first forum)	Annual cycle	Annual cycle
1.6 Integrity awareness program	Launch Q3 2026	Ongoing	Ongoing
PRIORITY 2 — Integrity Capability and Clear Expectations			
2.1 Compulsory integrity induction	Build and launch Q4 2026	Annual update	Annual update
2.2 Annual integrity awareness training	First cycle Q1 2028	Annual cycle + action plans	Annual cycle
2.3 Statement of Business Ethics	Q3 2026		
2.4 Position description review	High-risk roles Q4 2026	All roles Q2 2027	
2.5 Team debriefs after training	Establish Q3 2026	Sustained	Sustained
2.6 COI and PID guidance	Launch Q3 2026	Annual refresh	Annual refresh
2.7 Integrity decision-making framework	Q4 2026	Reviewed and embedded	

Strategic Action	Phase 1: Q3 2026–Q2 2027	Phase 2: Q3 2027–Q2 2028	Phase 3: Q3 2028 Onwards
2.8 Integrity awareness sessions for leaders	Q2 2028	Annual cycle	Annual cycle
PRIORITY 3 — Risk Intelligence and Internal Controls			
3.1 Risk management platform operationalisation	Q3 2026		
3.2 Annual integrity risk review cycle	First cycle Q4 2026	Annual	Annual
3.3 Information governance consolidation	Complete Q4 2026	Sustained	Sustained
3.4 ASD Essential 8 maturity	Annual targets from Q3 2026	Progress against roadmap	Full maturity target
3.5 Financial accountability program	Q1 2028	Annual refresh	Annual
3.6 Risk awareness and management training	Q2 2028	Annual cycle	Annual cycle
3.7 Line manager delegation audits	Q1 2028 (launch)	Annual cycle	Annual cycle
3.8 Technology-enabled compliance monitoring		Pilot Q2 2027	Implement if approved
PRIORITY 4 — Reporting, Breaches and Closing the Loop			
4.1 Audit Action Log — quarterly ARIC reporting	Q3 2026	Quarterly — ongoing	Quarterly — ongoing
4.2 Breach response guidance for managers	Q4 2026		Review
4.3 Annual breach report to ARIC	First report 2028	Annual	Annual
4.4 Manager breach response training	Q2 2028	Biennial cycle	Biennial cycle
4.5 Review reporting and escalation processes	Q1 2028		
4.6 Case outcome communications	Ongoing from Q3 2026	Ongoing	Ongoing
PRIORITY 5 — Oversight, Governance and Continuous Improvement			
5.1 Three-year internal	Q3 2026	Year 2 update	Year 3 update

Strategic Action	Phase 1: Q3 2026–Q2 2027	Phase 2: Q3 2027–Q2 2028	Phase 3: Q3 2028 Onwards
audit plan			
5.2 Quarterly ARIC integrity reporting	Q3 2026 (first report)	Sustained	Sustained
5.3 Biennial Maturity Assessment			2028 — ARIC report
5.4 Policy governance framework	Q4 2026	Sustained	Sustained
5.5 Integrity Officer role determination	Recommendation Q4 2026	Implement if approved Q2 2027	Ongoing

7 Governance and Accountability

7.1 Oversight

The Audit, Risk and Improvement Committee (ARIC) holds primary oversight responsibility for this Strategy. The General Counsel is responsible for coordinating implementation of the Strategy and monitoring progress against strategic actions. General Counsel provides the ARIC with a quarterly integrity dashboard covering: action status, audit findings, policy compliance, risk register updates and any reportable breach data. The CEO is accountable for Strategy implementation and reports progress to Council.

7.2 Executive Leadership Accountability

Each member of the Executive Leadership Team is accountable for implementing this Strategy within their service area. Integrity performance — including participation in induction, training completion rates, risk register currency and breach response timeliness — will be a standing ELT reporting item on a quarterly basis.

7.3 Integrity Working Group

The Integrity Working Group (Action 1.2) will support implementation of the Strategy by promoting integrity awareness, providing practical feedback on implementation initiatives, identifying emerging issues and sharing lessons learnt across the organisation. The Working Group will act as a conduit between operational areas, the General Counsel and the Executive Leadership Team to support continuous improvement in integrity maturity. The Working Group will report to the General Counsel quarterly.

7.4 Reporting to Council

The CEO will provide Council with an annual report on integrity performance, including progress against this Strategy, the results of any culture surveys, the aggregate findings of the ARIC's integrity oversight work, and any matters of significance identified through the audit program or PSC reporting.

7.5 Strategy Review

The Strategy will be reviewed annually by General Counsel in consultation with ELT and the ARIC, and comprehensively refreshed following the 2028 Integrity Framework Maturity Assessment. It is a living document — actions may be added, amended or reprioritised in response to emerging risks, legislative change or assessment findings. Progress against strategic actions will be monitored through regular implementation reporting and reviewed annually as part of the Strategy review process.

8 Expected Outcomes by 2029

The following table presents the key outcome targets across priority areas.

Integrity Element (13)	Current Position	Target by 2029
Clear Expectations	Developing — expectations documented but inconsistently understood and applied	Embedded — mandatory induction, plain-language guidance and position description requirements in place
Roles & Responsibilities	Embedded — delegations documented, separation of duties active	Excelling — delegation audits operational; roles reviewed and integrity obligations explicit in all position descriptions
Legislation & Regulations	Embedded — compliance calendars and regulatory monitoring active	Excelling — PRIS obligations integrated; regulatory change monitoring sustained
Risk Analysis & Planning	Developing — manual management; no automated controls	Embedded — Risk management systems fully operational; annual integrity risk review cycle established.
Internal Controls, Audit & Governance	Embedded — external and internal audit programs active	Excelling — Audit Action Log operational; quarterly ARIC reporting; three-year audit plan in place
Fraud & Corruption Detection	Developing — reliant on manual controls; no analytics-driven detection	Embedded — analytics-supported detection capability operational; Essential 8 maturity advanced
Values & Standards	Embedded — refreshed Code of Conduct; ELT briefings active	Excelling — values embedded in induction, performance frameworks and team-level integrity practice
Leadership & Management Attitude	Embedded — ELT actively reinforces values	Excelling — integrity KPIs in place for all people leaders; integrity a sustained leadership behaviour at all levels
Organisational Culture	Developing — integrity not yet a routine leadership conversation at team level	Embedded — Integrity Moment embedded in all teams; annual pulse survey with action plans tracking year-on-year improvement

Integrity Education & Capacity	Developing — training ad hoc; no mandatory annual requirement	Embedded — mandatory annual cycle operational; 100% completion tracking in place; induction compulsory for all new starters
Response to Integrity Breaches	Developing — inconsistent; no systematic lessons-learnt process	Embedded — structured breach response cycle; annual thematic report with action plans to ARIC
Self-Analysis & Review	Developing — audits completed; close-out inconsistent	Embedded — Audit Action Log operational; quarterly ARIC reporting; biennial maturity assessment cycle
Oversight	Developing — transitioning from ARC to ARIC	Embedded — ARIC fully operational with quarterly integrity reporting rhythm and independent external leadership

9 Related Documents and References

This Strategy should be read in conjunction with the following documents:

This Strategy should be read in conjunction with the following documents:

- City of Cockburn Governance Framework
- City of Cockburn Fraud and Misconduct Control and Resilience Framework
- City of Cockburn Employee Code of Conduct — The Cockburn Way
- City of Cockburn Enterprise Risk Management Framework
- ARIC Terms of Reference
- City of Cockburn Internal Audit Program
- Public Sector Commission — Integrity Promotion Framework
- Public Sector Commission — Integrity and Conduct Annual Collection
- Office of the Auditor General — Audit Reports
- Australian Signals Directorate — Essential Eight Maturity Model

12. Motions of Which Previous Notice Has Been Given

Nil

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

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

15. Matters to be Noted for Investigation Without Debate

Nil

16. Confidential Business

Nil

17. Closure of Meeting