



ATTACHMENTS

OF THE

AUDIT COMMITTEE MEETING

17 March 2020

5.30pm

Kambalda

Audit Committee Meeting 17 March 2020 Attachments

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MINUTES

OF THE

AUDIT COMMITTEE MEETING

10 December 2019

6.00pm

Coolgardie

SHIRE OF COOLGARDIE

NOTICE OF AUDIT COMMITTEE MEETING

Dear Elected Member

The next Audit Committee Meeting of the Shire of Coolgardie will be held on Tuesday 10 December 2019 in the Council Chambers, Bayley Street, Coolgardie commencing at 6:00pm.



JAMES TRAIL
CHIEF EXECUTIVE OFFICER

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1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

Shire President, M Cullen declared the meeting open at 05:04 pm and welcome fellow Councillors, visitors and staff and thanked them for their attendance.

2 RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE

PRESENT:

Shire President, Malcolm Cullen
Councillor, Tracey Rathbone
Councillor, Sherryl Botting
Councillor, Eugen Winter
Councillor, Tammee Keast

MEMBERS OF STAFF:

Chief Executive Officer, James Trail
Executive Assistant, Bree Crawley
Director Economic and Community Development, Mia Hicks
Director of Operations, Robert Hicks
Consultant, Martin Whitely
Consultant, Francesca Lefante

MEMBERS OF THE PUBLIC:

Nil

APOLOGIES:

Councillor, Norm Karafilis

APPROVED LEAVE OF ABSENCE:

Councillor, Kathie Lindup

3 DECLARATIONS OF INTEREST

3.1 *Declarations of Financial Interests – Local Government Act Section 5.60A*

Nil

3.2 *Declarations of Proximity Interests – Local Government Act Section 5.60B*

Nil

3.3 *Declarations of Impartiality Interests – Administration Regulation 34C*

Nil

4 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

5 REPORTS OF OFFICERS

5.1 Chief Executive Officer

5.1.1 Annual Financial Report and Audit Report 2018/19

Location:	Shire of Coolgardie
Applicant:	Shire of Coolgardie
File Reference:	
Disclosure of Interest:	Nil
Date:	06 December 2019
Author:	James Trail, Chief Executive Officer

Summary:

The Audit Committee is required to consider and recommend to Council, the adoption of the annual financial report, examine the audit and management reports, and review the report prepared by the Chief Executive Officer.

Background:

Pursuant to Section 7.9 of the *Local Government Act 1995* ("LGA"), an Auditor is required to examine the accounts and annual financial report submitted by a local government for audit. The Auditor is also required, by 31 December following the financial year to which the accounts and report relate, prepare a report thereon and forward a copy of that report to:

- (a) Mayor or President; and
- (b) The Chief Executive Officer; and
- (c) The Minister.

Furthermore, in accordance with Regulation 10(4) of the *Local Government (Audit) Regulations 1996* ("Audit Regulations"), where it is considered appropriate to do so, the Auditor may prepare a Management Report to accompany the Auditor's Report, which is also to be forwarded to the persons specified in Section 7.9 of the LGA.

On finalisation of the Shire's 2018/19 final audit, the Auditors have forwarded the Annual Financials Statements along with the Audit Report and the Audit Concluding Memorandum.

The Audit Committee is required to examine the reports of the auditor after receiving a report from the Chief Executive Officer ("CEO") on the matters reported and:

- Determine if any matters raised require action to be taken by the local government; and
- Ensure that appropriate action is taken in respect of those matters.

The Audit Committee is also required to review a report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and present the report to Council for adoption. A copy of the report is to be forwarded to the Minister prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time.

The Audit Committee is requested to consider and recommend adoption of the annual financial report to Council.

Comment:

Following is the CEO's report to the Audit Committee on matters arising from the audit and management reports.

Audit Report

There was one adverse trend reported.

Reporting of any material matters that indicate significant adverse trends in the financial position of the Shire relating to the requirements of Local Government (Audit) Regulation 10(3)(a). The Auditor's used the statutory ratios disclosed and compared them against industry benchmarks and previously reported ratios. They also assessed how the ratios impact the operations of the Shire.

The Auditor's made the following comment;

Based on work performed, we noted a significant adverse trend in the financial position of the Shire as the Operating Surplus Ratio has been below the industry benchmark for the past 3 years.

Management Comment

Operating Revenue minus operating expenditure divided by own source revenue is the measure for the Operating Surplus Ratio. For 2018/19 the difference between operating revenue and operating expenditure was **(\$2,836,032)**. In order to meet the standard and improve the ratio Council needs to have the following strategic conversation with the community;

- Increase revenue generated from non - rating sources such as Kambalda airstrip, Shire tip sites and commercial activities
- Increase rates annually in excess of 7% over the next 5 years
- Increase rates revenue through rating of mining infrastructure
- Reduce levels of service on all operating activities

Council and management will continue to explore areas to help improve the operating position of the Shire. However this will not significantly improve the operating surplus ratio without the Council having a strategic conversation as suggested above.

Management Report

It provides an overview of the approach undertaken in respect of the annual audit process and the associated outcomes of the audit. The Management Report also identifies any findings that are considered relevant to the day to day operations of the Shire There were no matters of statutory or financial non-compliance reported

The Management Report for the period ended 30th June 2018 raised 11 issues requiring management attention (See attached). The report for the period ended 30th June 2019 raised none. A significant improvement.

Attachments:

1. 2018-19 Annual Financial Statements - Final Draft [5.1.1.1 - 57 pages]
2. 2017-18 Audit Management Letters Action List [5.1.1.2 - 2 pages]
3. 2018-19 Audit Report Action List [5.1.1.3 - 1 page]
4. Audit Report (Signed) 06-12-19 [5.1.1.4 - 3 pages]
5. Management Report (Signed) 06-12-19 [5.1.1.5 - 1 page]

Consultation:

Finance & Administration staff
Martin Whitely, LG Corporate Solutions

Statutory Environment:

Local Government Act 1995

6.4. Financial report

- (1) A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.
- (2) The financial report is to —
 - (a) be prepared and presented in the manner and form prescribed; and
 - (b) contain the prescribed information.
- (3) By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —
 - (a) the accounts of the local government, balanced up to the last day of the preceding financial year; and
 - (b) the annual financial report of the local government for the preceding financial year.

7.9. Audit to be conducted

- (1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —
 - (a) the mayor or president; and
 - (b) the CEO of the local government; and
 - (c) the Minister.
- (2) Without limiting the generality of subsection (1), where the auditor considers that —
 - (a) there is any error or deficiency in an account or financial report submitted for audit; or

- (b) any money paid from, or due to, any fund or account of a local government has been or may have been misapplied to purposes not authorised by law; or
- (c) there is a matter arising from the examination of the accounts and annual financial report that needs to be addressed by the local government,

details of that error, deficiency, misapplication or matter, are to be included in the report by the auditor.

- (3) The Minister may direct the auditor of a local government to examine a particular aspect of the accounts and the annual financial report submitted for audit by that local government and to —
 - (a) prepare a report thereon; and
 - (b) forward a copy of that report to the Minister,
 and that direction has effect according to its terms.
- (4) If the Minister considers it appropriate to do so, the Minister is to forward a copy of the report referred to in subsection (3), or part of that report, to the CEO of the local government.

7.12A. Duties of local government with respect to audits

- (1) A local government is to do everything in its power to —
 - (a) assist the auditor of the local government to conduct an audit and carry out the auditor's other duties under this Act in respect of the local government; and
 - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government must —
 - (aa) examine an audit report received by the local government; and
 - (a) determine if any matters raised by the audit report, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government must —
 - (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
 - (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.
- (5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

5.54. Acceptance of annual reports

- (1) Subject to subsection (2), the annual report for a financial year is to be accepted* by the local government no later than 31 December after that financial year.

* *Absolute majority required.*

- (2) If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.

Local Government (Audit) Regulations 1996

10. Report by auditor

- (1) An auditor's report is to be forwarded to the persons specified in section 7.9(1) within 30 days of completing the audit.
- (2) The report is to give the auditor's opinion on —
 - (a) the financial position of the local government; and
 - (b) the results of the operations of the local government.
- (3) The report is to include —
 - (a) any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices of the local government; and
 - (b) any matters indicating non-compliance with Part 6 of the Act, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls in any other written law; and
 - (c) details of whether information and explanations were obtained by the auditor; and
 - (d) a report on the conduct of the audit; and
 - (e) the opinion of the auditor as to whether or not the following financial ratios included in the annual financial report are supported by verifiable information and reasonable assumptions —
 - (i) the asset consumption ratio; and
 - (ii) the asset renewal funding ratio.

(4A) In subregulation (3)(e) —

asset consumption ratio has the meaning given in the *Local Government (Financial Management) Regulations 1996* regulation 50(2);

asset renewal funding ratio has the meaning given in the *Local Government (Financial Management) Regulations 1996* regulation 50(2).

- (4) Where it is considered by the auditor to be appropriate to do so, the auditor is to prepare a management report to accompany the auditor's report and to forward a copy of the management report to the persons specified in section 7.9(1) with the auditor's report.

Local Government (Financial Management) Regulations 1996

17A. Assets, valuation of for financial reports etc.

- (1) In this regulation —

carrying amount, in relation to an asset, means the carrying amount of the asset determined in accordance with the AAS;

fair value, in relation to an asset, means the fair value of the asset measured in accordance with the AAS.

- (2) Subject to subregulation (3), the value of an asset shown in a local government's financial reports must be the fair value of the asset.
- (3) A local government must show in each financial report —
 - (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
 - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government —
 - (i) that are plant and equipment; and
 - (ii) that are —
 - (I) land and buildings; or
 - (II) infrastructure;and
 - (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.
- (4) A local government must revalue an asset of the local government —
 - (a) whenever the local government is of the opinion that the fair value of the asset is likely to be materially different from its carrying amount; and
 - (b) in any event, within a period of at least 3 years but no more than 5 years after the day on which the asset was last valued or revalued.
- (5) An asset is to be excluded from the assets of a local government if the fair value of the asset as at the date of acquisition by the local government is under \$5 000.

[Regulation 17A inserted by Gazette 20 Apr 2012 p. 1699-700; amended by Gazette 21 Jun 2013 p. 2451; 26 Jun 2018 p. 2388.]

17B. CEO to take steps to protect excluded portable and attractive assets

A CEO must take all reasonable steps to prevent the theft or loss of —

- (a) a non-consumable asset that is susceptible to theft or loss due to its portable nature and attractiveness for personal use or resale; and
- (b) an asset referred to in regulation 17A(5).

[Regulation 17B inserted by Gazette 26 Jun 2018 p. 2388.]

Policy Implications:

Investment of Surplus Funds 02
Risk Management 21

Financial Implications:

Nil

Strategic Implications:

Accountable and Effective Leaders

Demonstrating sound financial management and plans for the Shire's long term financial sustainability

Demonstrating that decisions are developed through inclusive community engagement

High quality corporate governance, accountability and compliance

Maintain integrated strategic and operational plans

Voting Requirement: Absolute Majority

Officer Recommendation:

That the Audit Committee,

1. Recommend Council receive the Chief Executive Officer response to the Audit Report for the period ending 30th June 2019 dated 06 December 2019
2. Receive the Action Report as attached and recommend the Report be received by Council
3. Recommend Council receive the Audit Management Report dated 06 December 2019
4. Recommend Council adopts the Annual Financial Report and Audit Report for the year ended 30 June 2019
5. Recommend to Council that the action report be forwarded to the Minister in accordance with s 7.12A (4) of the Local Government Act 1995.

COUNCIL RESOLUTION: #266/19

Moved: Councillor, T Rathbone

Seconded: Councillor, E Winter

That the Audit Committee,

1. Recommend Council receive the Chief Executive Officer response to the Audit Report for the period ending 30th June 2019 dated 06 December 2019
2. Receive the Action Report as attached and recommend the Report be received by Council
3. Recommend Council receive the Audit Management Report dated 06 December 2019
4. Recommend Council adopts the Annual Financial Report and Audit Report for the year ended 30 June 2019
5. Recommend to Council that the action report be forwarded to the Minister in accordance with s 7.12A (4) of the Local Government Act 1995.

CARRIED ABSOLUTE MAJORITY 4/0

5.1.2 Adoption of Annual Report 2018-2019

Location:	Nil
Applicant:	Nil
File Reference:	
Disclosure of Interest:	Nil
Date:	06 December 2019
Author:	Chief Executive Officer, James Trail

Summary:

Audit Committee to recommend to Council to adopt the Annual Report for the year ended 30 June 2019 and set the date of the Annual Meeting of Electors

Background:

The annual Meeting of Electors is to consider the Annual Report for the year ended 30 June 2019. If Council were like minded the meeting could be held in Kambalda on January 28th, 2020.

Comment:

The Annual Report for the year ended 30 June 2019 is presented to Council for adoption. The report will be available to the public at the Administration Office and the Library, Barnes Drive Kambalda, and the Library in the Recreation Centre, Sylvester Street Coolgardie.

The Annual Financial Report is included in the Annual Report and it is noted the following matter to be reported in accordance with Reg 10(3) of the Local Government (Audit) Regulations 1996:

There is a significant adverse trend in the financial position of the Shire as the Operating Surplus Ratio has been below the industry benchmark for the past 3 years.

The primary tool set by the Department of Local Government and Communities for the measurement of the performance of each local government are the financial ratios. These have been presented for many years and demonstrate that there is a need for either an increase in revenue or reduction of operating expenditure.

Financial ratios are numerical representations of the organisation's performance. The ratios referred to are set for all local governments in Western Australia and are calculated as follows;

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

The results for these ratios are shown in the following table.

Ratio	Standard	2019	2018	2017	2016
Current Ratio	>= 1.00	2.48	3.21	2.06	1.30
Asset Consumption	>= 0.75	0.97	0.75	0.97	0.98
Asset Renewal	>= 1.05	1.11	N/A	N/A	0.24
Asset Sustainability	>= 1.10	0.80	0.27	0.39	0.34
Debt Service Cover	>= 5.00	11.76	4.28	5.21	2.26
Operating Surplus	>= 0.15	(0.32)	(0.40)	(0.35)	(0.88)
Own Source Revenue Coverage	>= 0.90	0.65	0.62	0.62	0.51

COMMENT ON RATIOS

Current Ratio

The current ratio is a liquidity ratio that measures whether the Shire has enough resources to meet its short-term obligations. If current liabilities exceed current assets the current ratio will be less than 1 and is an early indicator that the Shire may have problems meeting its short-term obligations.

This ratio continues to remain above the standard. The reduction in the ratio from 2017/18 is due to an increase in current liabilities of \$560,000. This is due to current borrowings for new loans and accrued expenses for the Kambalda Swimming Pool.

Asset Sustainability Ratio

The Asset Sustainability ratio expresses capital expenditure on renewal and replacement of existing assets as a percentage of depreciation costs. This ratio is used to identify any potential decline or improvement in asset conditions. A percentage of less than 100% on an ongoing basis indicates assets may be deteriorating at a greater rate than spending on renewal or replacement.

A significant factor in calculating this ratio is the annual depreciation charge for roads and other infrastructure. This figure has been excessively high in previous years and following the completion of the fair value adjustments in the 2017/18 financial year, this ratio has improved significantly in the 2018/19 financial year due to an increase in asset renewal of \$1,959,641 and reduction in depreciation cost of \$807,549.

Sustaining the ratio at this level or improvement to this ratio will assist the Shire maintain its asset base at the right level into the future. Interpretation of this ratio should also be considered together with the Asset Consumption Ratio (above target at 0.97) and the Asset Renewal Funding Ratio (1.11).

Asset Renewal Funding Ratio

This ratio indicates whether Shire's planned capital renewal expenditure over the next 10 years as per its Long Term Financial Plan (LTFP) is sufficient to meet the required capital renewal expenditure over the next 10 years as per its Asset Management Plans (AMPs).

The ratio for 2018/19 is 1.11. This is a significant improvement on previous years when the ratio has not been calculated. This will also have a significant positive impact on the Financial Health Indicator (FHI) for the period ended 30th June 2019.

Operating Surplus Ratio

The Operating Surplus Ratio represents the percentage by which the operating surplus (or deficit) differs from the Shire's own source revenue which includes rates.

This ratio has improved slightly in the current year; however, it is still below the target level and in negative territory. In the Audit Concluding Memorandum from the Shire Auditor the following comment was made;

In addition, we noted the following matter to be reported in accordance with Reg 10(3) of the Local Government (Audit) Regulations 1996:

- ***There is a significant adverse trend in the financial position of the Shire as the Operating Surplus Ratio has been below the industry benchmark for the past 3 years.***

Operating Revenue minus operating expenditure divided by own source revenue is the measure for the Operating Surplus Ratio. For 2018/19 the difference between operating revenue and operating expenditure was **(\$2,836,032)**. Consequently, in order to meet the standard and improve the ratio Council needs to have the following strategic conversation with the community;

- Increase revenue generated from non - rating sources such as Kambalda airstrip, Shire tip sites and commercial activities
- Increase rates annually in excess of 7% over the next 5 years
- Increase rates revenue through rating of mining infrastructure
- Reduce levels of service on all operating activities

Council and management will continue to explore areas to help improve the operating position of the Shire. However this will not significantly improve the operating surplus ratio without the Council having a strategic conversation as suggested above.

Attachments:

1. Final Attachment Annual Report 06-12-19 [5.1.2.1 - 94 pages]

Consultation:

Auditor – Moore Stephens – Wen-Shien Chai
Council Staff
Shire Contractor

Statutory Environment:

Section 5.54 Local Government Act 1995 as amended.
Local Government (Financial Management) Regulations 1996

Policy Implications:

Nil

Financial Implications:

Nil

Strategic Implications:

Accountable and Effective Leaders

Demonstrating sound financial management and plans for the Shire's long term financial sustainability
High quality corporate governance, accountability and compliance

Voting Requirement: Absolute Majority

Officer Recommendation:

That the Audit Committee,

1. Recommend to Council to adopt the Annual Report for the year ended 30 June 2019 in accordance with Section 5.54 of the Local Government Act 1995,
2. Recommend to Council to set the date for the Annual meeting of Electors to be Tuesday 28 January 2019 at 6.30pm at the Kambalda Recreation Centre.

COUNCIL RESOLUTION: #267/19

Moved: Councillor, T Rathbone

Seconded: Councillor, E Winter

That the Audit Committee,

1. **Recommend to Council to adopt the Annual Report for the year ended 30 June 2019 in accordance with Section 5.54 of the Local Government Act 1995,**
2. **Recommend to Council to set the date for the Annual meeting of Electors to be Tuesday 28 January 2019 at 6.30pm at the Kambalda Recreation Centre.**

CARRIED ABSOLUTE MAJORITY 4/0

6 CLOSURE OF MEETING

Shire President, M Cullen declared the meeting closed at 05:46 pm and thanked all for their attendance.

Risk No.	Risk Title	Risk Description	Risk Current Controls	Risk Classification	Risk Owner	Risk Review Date Time
R2020-12	Incomplete Asset Register	Asset Register - no recording of disposal or acquisition data of assets	Core Business /SOC Asset Management Plan in development (refer Oct2019 04Mar2020 workshops) + speaking with AssetFinda (agreement in place however not being utilised well) + Martin Whitely visiting Shire of Dardenup to look at AssetFinda in action and will report to DO.	Financial	Robert Hicks	
R2020-10	Bush Fires	Shire has a duty of care and responsibility to protect the town in the event of a fire. This bush fire season has 1 major bush fire in Dec and 2 others within 7 weeks - Shire has responsibility for xxx (need to outline exact role and responsibility (ie Bush Fire Act) - Shire Policies xxx require the to do xxxx - CEO has delegated authority to incur expenditure to control and extinguish bush fires	Planned Actions: - Engaged DFES to train Shire staff to setp in to be part of the volunteer fire brigade - Provide for bush fire contingency in budget - Continue to collaborate with the DFES to have coordinated approach to managin fires	Environmental	Rod Franklin	08/06/2020 11:27:00

R2020-9	Budgeting for Roads Programme	<p>Roadworks programme is difficult to budget, manage and keep within planned budgets due to the uncertainty in government funding.</p> <p>The identified risks and resulting impacts are:</p> <ul style="list-style-type: none"> - incomplete road projects which may have potential to compromise road safety - increased future maintenance costs - increased overall costs - challenge in managing labour effectively and efficiently 	<p>Risk being managed with the following controls:</p> <ul style="list-style-type: none"> - Detailed roads works programme is maintained and reviewed regularly - Roads audits are done to ensure roads are safe (based on haulage campaign) - Monthly reports showing current expenditure - Quarterly budget reviews <p>06March2020 New Manager Technical Service to take on responsibility with support from Roads consultant and reporting to DO weekly + Council briefing reporting. MTS will develop</p>	Strategic	Robert Hicks	
R2020-6	IT Reliability	<ul style="list-style-type: none"> - Servers going down - Hacks 	<p>Running dark web monitoring for account compromises. Running Trend Worry Free security on all clients servers for protection. Recommend increase password security by advancing password policy to + complexity min 12 characters. Backup retention of 30 days with Disaster recovery replicas created daily also with 7 day retention.</p>	Operational	Bec Horan	01/06/2020 12:00:00

R2020-4	Property - Terminating Employees	<ul style="list-style-type: none"> - Do we retrieve organisation information and equipment that a dismissed employee used - Do we ensure all access codes and passwords are deactivated - Do we conduct an exit interview 	<p>We currently have an exit interview template in place which covers areas such as:-</p> <ul style="list-style-type: none"> * Returning of keys, credit cards, fuel cards, swipe cards etc * Removal of the access from the drive and Synergy * Opportunity for the employee to provide feedback on their employment at the Shire. 	Operational	Bec Horan	01/06/2020 12:00:00
R2020-2	Performance Review Records	Ensure written records of performance and non performance are retained for employees for supporting evidence.	<p>Management team are reminded on a regular basis of the importance of performance management and the need for keeping notes/records on any discussions had with their staff. Keeping of notes/records ensures a smooth process if we need to discipline which may lead to termination.</p>	Operational	HR@CLG	01/06/2020 12:00:00
R2020-1	Complete Screenings on Potential Employee Candidates	Ensure process is followed whereby all screenings are undertaken prior to a new employee being offered a contract	<p>New Policy in place. Policy # 12 - Recruitment and selection which covers a number of areas including pre-employment checks, verifying employee ID, criminal checks and reference checks. HR will encourage management to follow the policy.</p>	Operational	HR@CLG	01/06/2020 12:00:00

R2019-54	Drainage	Drainage needs to be maintained/renewed to avoid flooding, improve streetscape aesthetic reduce impact on associated works such as footpaths road programmes.	Implementation of drainage, footpath road programmes Budget allocation Complaints received from public 06March2020 Core Business engaged to provide a proposal to undertake a Coolgardie townsite drainage study in order to scope proposed solutions. To be considered in the context of the total streetscape project.	Operational	Robert Hicks	
R2019-53	Footpaths	Broken footpaths create risk of trips/falls they negatively impact (visually) on streetscape.	Implementation of SOC footpath programme Budget allocated Public complaints 06March2020 Manager Tech Services to review footpath programme and report to DO	Operational	Robert Hicks	
R2019-48	Road Works (Construction & Maintenance)	Inadequate funding resulting in a) minimum works being achieved b) reduction in staff numbers c) inappropriate plant fleet purchases d) budget impact	SOC roads programme SOC budget SOC level of service (LOS) SOC business plan Public complaints 06March2020 Acknowledged that Roads programme has made significant progress in recent times. Manager Tech Service to review and report to DO.	Strategic	Robert Hicks	10/11/2019 09:00:00

R2019-43	Plant & Fleet	Purchase of incorrect plant/fleet, incorrect use of plant/fleet, damage to plant/fleet, = will effect budget, project timelines ultimately may cause risk of injury to operator/others.	Uniqco (fleet) managment (eg input into recommended purchases, use of pre-start forms etc) Regular servicing/maintenance performed by SOC mechanic other service providers 06March2020 Better management control required. Manager Tech Service to review and report to DO	Operational	Robert Hicks	
R2019-11	Shire Governance - Delegation of Authority	Lack of understanding by staff as to their accountabilities. Staff also have not been adequately informed of their responsibilities resulting in potential breaches to legislative requirements. The Shire's DOA register does not accurately reflect the powers that have been delegated to CEO/staff as required by various legislative requirements ie Health Act, Bush Fire Act, OHS etc. This gap was raised in Audit Regulation Review conducted in July 2018.	Review and update of the DOA Register has been completed Review Council Policies to ensure they align with updated DOA Register has been completed Staff have received training around their responsibilities. Staff have been recording their use of delegation and register is up to date	Operational	James Trail	08/06/2020 12:00:00
R2019-10	Shire Roads - Renewal Program	Changes in funding make it difficult to efficiently and effectively manage the road projects The identified risks and resulting impacts are: Incomplete road projects which may have potential to compromise road safety increased future maintenance costs increased overall costs challenges in managing labour effectively and efficiently	Maintaining consultation with appropriate bodies i.e. RRG, WA Main Roads, Black Spot, RTR and mining companies to ensure funds are directed to roads which best meet our regional needs 06March2020 DO to attend RRG with Roads consultant. Shire president is the Chairman. 4 projects that could be funded by RRG if additional funds are available; • Coolgardie North road reconstruction, cement stabilisin	Strategic	Robert Hicks	31/08/2019 00:00:00

R2019-8	Shire Community - Strategic Plan	The Local Government's Integrated Planning and Reporting Standard directs that all local governments undertake a Desktop Review of their Community Strategic Plans biannually and a complete review including community engagement activities every four years. As the Shire of Coolgardie's community trends and priorities evolve, stakeholders revise and update the Plan.	The Shire has continuous monitoring mechanisms to be informed of its performance to deliver to the Community Strategic Plan	Strategic	Mia Hicks	01/04/2020 00:00:00
R2019-7	Shire Governance , Legislative Compliance	The Shire having adequate people, systems and procedures to assist with the Shire's regulatory obligations across the various legislative requirements to ensure it is not in breach	The Shire to implement following compliance framework 1. Risk Management Policy containing commitment of Shire to comply with legislative obligations and requirements 2. There is an automated system in place to flag upcoming legislative obligations / requirements to action owners to ensure deadlines are not missed 3. The Shire is aware of its legislative responsibilities through a formal and systematic process outlining key compliance due dates.	Strategic	James Trail	31/08/2019 00:00:00

R2019-5	Bush Fires Emergency Plan	<p>The Shire legally responsible under the Bush Fires Act to protect the area within its jurisdiction in the event of a bush fire. Since December 2018 have had 3 major bush fires (considered higher than average)</p> <p>First incident identified a clear lack of roles and responsibilities between DFES and Shire with respect to communication plans and how to work together to manage crisis.</p> <p>Ongoing risks relate to lack of funding available to the Shire to have sufficient resources</p>	<p>Agreed new process and established a command and communication protocol between DFES and the Shire.</p> <p>The new process is formally documented and shared with key stakeholders. To ensure ongoing communication and alignment of Fire Emergency Plan with DFES and relevant stakeholders, the Shire is part of the XYZ Working Group. Funding for resources will be requested in the 2019-20 Budget.</p>	Strategic	Rod Franklin	31/08/2019 00:00:00
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**Shire of Coolgardie Credit Card Transactions
JULY 2019**

Date	Description	Value	Card
30-Jul-19	Freerange Supplies GRS Maintenance and Repairs - Knife Sharpening	\$ 210.00	855
26-Jul-19	Virgin Aust 7952157653392 Leanne Shilton LG Week	\$ 229.00	855
26-Jul-19	Virgin Aust 7951507270787 Leanne Shilton LG Week	\$ 2.28	855
25-Jul-19	Crownper Restaurant Atrium GVROC Dinner	\$ 404.80	855
25-Jul-19	Virgin Aust 7952157625847 Mia Hicks (LG Week)	\$ 149.99	855
25-Jul-19	Live Taxi Australia West Melbourn	\$ 66.47	855
23-Jul-19	Spotto Vic East Sydney	\$ 60.64	855
23-Jul-19	City Of Kalgoorlie - B Kalgoorlie	\$ 10.00	855
22-Jul-19	Hotel Ibis Melbourne Swan Carlton	\$ 105.35	855
22-Jul-19	Paypal *Tourismcoun Tourism Council Subscription	\$ 690.00	855
22-Jul-19	Dropbox*5Pgwwy72Ly95 Computer Subscription	\$ 19.25	855
24-Jul-19	Virgin Aust 7952157568613 James Trail	\$ 210.00	855
19-Jul-19	Virgin Aust 7952157484006 Keith Dickerson	\$ 149.99	855
15-Jul-19	Virgin Aust 7951506286645 James Trail	\$ 118.00	855
15-Jul-19	Virgin Aust 7951506286645 James Trail	\$ 280.00	855
15-Jul-19	Virgin Aust 7952157359758 James Trail	\$ 349.00	855
10-Jul-19	Xero Au Inv-9379997 GVROC Computer Subscription	\$ 50.00	855
08-Jul-19	Adobe Acropro Subs Computer Subscription	\$ 113.25	855
08-Jul-19	Adobe Acropro Subs Computer Subscription	\$ 164.73	855
		<u>\$3,382.75</u>	

**Shire of Coolgardie Credit Card Transactions
AUGUST 2019**

Date	Description	Value	Card
29-Aug-19	Techstreet-Clarivate Australian Standard Document	\$ 65.26	855
29-Aug-19	M Mandzuk & Rj Mandzuk Kambalda West Insurance Policy Renewal Reciept	\$ 386.10	855
29-Aug-19	Civeo Pty Ltd Kambalda East Accomodation Geoff Harcrombe	\$ 400.55	855
28-Aug-19	Facebk Z6Knjneqr2 Facebook Post	\$ 33.99	855
28-Aug-19	Virgin Aust 7950425249958 James Trail	-\$ 59.00	855
26-Aug-19	Ingot Hotel Perth Belmont	\$ 38.96	855
26-Aug-19	Gm Cabs Pty Ltd Mascot	\$ 33.50	855
26-Aug-19	Facebk Kbthhnjqr2 Facebook post	\$ 33.99	855
26-Aug-19	Ingot Hotel Perth Belmont	\$ 257.45	855
26-Aug-19	Live Taxi Australia West Melbourn	\$ 52.71	855
22-Aug-19	503399Flightcentre.Com Brisbane	\$ 402.67	855
22-Aug-19	Virgin Aust 7951507664866 Keith Dickerson	\$ 3.37	855
22-Aug-19	Virgin Aust 7952158337244 Keith Dickerson	\$ 338.00	855
22-Aug-19	Local Governement Mana East Perth Event Registration	\$ 90.00	855
21-Aug-19	Facebk Uysfen6Qr2 Facebook Post	\$ 33.99	855
21-Aug-19	Virgin Aust 7952158266779 James Trail	\$ 557.99	855
21-Aug-19	Virgin Aust 7951507622595 James Trail	\$ 5.56	855
21-Aug-19	Virgin Aust 7951507624644 James Trail	\$ 4.06	855
21-Aug-19	Virgin Aust 7952158269789 James Trail	\$ 408.00	855
20-Aug-19	Dropbox*Nysbv2Jhwynw Dublin Monthly Subscription	\$ 19.25	855
19-Aug-19	Monty/S Restaurant Kalgoorlie Meeting	\$ 33.50	855
12-Aug-19	Adina Apartment Hote Perth	\$ 285.89	855
12-Aug-19	Adina Apartment Hote Perth	\$ 879.43	855
12-Aug-19	Adina Apartment Hote Perth	\$ 318.78	855
12-Aug-19	Adina Apartment Hote Perth	\$ 21.25	855
12-Aug-19	Sfs Pcec 6189 Perth	\$ 13.50	855
12-Aug-19	Swan Taxis 13 13 30 Victoria Park	\$ 64.16	855
12-Aug-19	Xero Au Inv-9650870 Hawthom GVROC	\$ 50.00	855
12-Aug-19	Gm Cabs Pty Ltd Mascot	\$ 25.88	855
12-Aug-19	Crown Atrium Buffet Burswood GVROC Meeting	\$ 760.50	855
12-Aug-19	Crown Atrium Buffet Burswood GVROC Meeting	\$ 1,437.05	855
08-Aug-19	Sfs Pcec 6189 Perth	\$ 11.00	855
08-Aug-19	Adobe Acropro Subs Computer Subscription	\$ 113.25	855
08-Aug-19	City Of Kalgoorlie - B Kalgoorlie Parking Charges	\$ 30.00	855
07-Aug-19	Cabfare Payments North Melbour	\$ 60.89	855
07-Aug-19	Sfs Pcec 6189 Perth	\$ 49.00	855
07-Aug-19	Bwc Perth 133222 Belmont	\$ 26.36	855
07-Aug-19	Adobe Acropro Subs Computer Subscription	\$ 164.73	855
05-Aug-19	Virgin Aust 7952157891140 James Trail	\$ 348.00	855
05-Aug-19	Virgin Aust 7951507409330 James Trail	\$ 3.47	855
02-Aug-19	Subway Kalgoorlie Kalgoorlie Project Management Workshop	\$ 179.00	855
		<u>\$7,982.04</u>	

**Shire of Coolgardie Credit Card Transactions
SEPTEMBER 2019**

Date	Description	Value	Card
30-Sep-19	Crown Towers Perth Burswood Rod Franklin Accomodation	\$ 916.87	855
30-Sep-19	Virgin Aust 7952159360805 James Trail	\$ 125.00	855
30-Sep-19	Woolworths 4329 Kambalda East Leanne Birthday	\$ 76.29	855
27-Sep-19	Facebk Tx3J4Peqr2 Post Charges	\$ 113.30	855
26-Sep-19	Civeo Pty Ltd Kambalda East Geoff Hracrombe Accomodation	\$ 396.63	855
25-Sep-19	Telstra Melbourne President Malcolm Cullen Phone Charges	\$ 50.00	855
23-Sep-19	503399Flightcentre.Com Geoff Harcrombe	\$ 784.15	855
23-Sep-19	Bp Kambalda 6233 Kambalda Gift Cards	\$ 811.90	855
23-Sep-19	Paypal *Tourismcoun 4029357733 Tourism council WA	\$ 160.00	855
23-Sep-19	Post Kambalda Lpo Ka Kambalda West Gift Cards	\$ 205.95	855
20-Sep-19	Dropbox*96R6Xst8Cvk7 Dublin Monthly Subscription	\$ 19.25	855
18-Sep-19	Eb *Mental Health Firs Mental Health First Aid Training	\$ 2,432.04	855
17-Sep-19	Goldfields Engraving Kalgoorlie Perpetual Update	\$ 17.60	855
17-Sep-19	Paypal *Itunes.Com/Bil 4029357733	\$ 13.99	855
16-Sep-19	Facebk Ep49Wneqr2 Facebook Post Charges	\$ 79.31	855
16-Sep-19	Hot Cotton Osborne Park Golf Tournament - Golf Shirts	\$ 3,828.00	855
12-Sep-19	Perth Ambassador Perth	\$ 146.30	855
12-Sep-19	Live Taxi Australia West Melbourne	\$ 37.91	855
11-Sep-19	City Of Kalgoorlie - B Kalgoorlie Parking	\$ 10.00	855
11-Sep-19	Swan Taxis 13 13 30 Victoria Park	\$ 25.20	855
11-Sep-19	Spotto Wa East Sydney	\$ 22.21	855
11-Sep-19	Uber *Trip Help.Uber.Com	\$ 12.56	855
11-Sep-19	Gm Cabs Pty Ltd Mascot	\$ 67.52	855
11-Sep-19	Virgin Aust 7952158823658 Rod Franklin Project Meeting with Core	\$ 377.99	855
11-Sep-19	Virgin Aust 7951507947801 Rod Franklin Project Meeting with Core	\$ 3.76	855
10-Sep-19	Bws Liquor 4114 Perth	\$ 30.00	855
10-Sep-19	Swan Taxis 13 13 30 Victoria Park	\$ 10.76	855
10-Sep-19	Xero Au Inv-9925675 Hawthorn GVROC	\$ 50.00	855
10-Sep-19	Adobe Acropro Subs Computer Subscription	\$ 113.25	855
09-Sep-19	Facebk JjJ68N2Qr2 Facebook Post Charges	\$ 45.32	855
09-Sep-19	Adobe Acropro Subs Computer Subscription	\$ 164.73	855
06-Sep-19	Event And Conference C Northbridge - Registration Rod Franklin	\$ 810.98	855
05-Sep-19	Virgin Aust 7951507876954 Keith Dickerson	\$ 3.17	855
05-Sep-19	Virgin Aust 7952158699078 Keith Dickerson	\$ 318.00	855
04-Sep-19	Monty/S Restaurant Kalgoorlie Meeting - Coolgardie Community Hub	\$ 13.00	855
04-Sep-19	Palace Hotel Kalgoorlie Meeting	\$ 1,011.50	855
02-Sep-19	Facebk Hy7Ktmspr2 Facebook Post	\$ 19.95	855
02-Sep-19	Business News Pty Lt Perth Subscription	\$ 825.00	855
02-Sep-19	Surveymonkey Dublin Team Advantage Annual Plan	\$ 852.84	855
		<u>\$15,002.23</u>	

**Shire of Coolgardie Credit Card Transactions
OCTOBER 2019**

Date	Description	Value	Card
29-Oct-19	Facebk Ft66Lp6Qr2 Facebook Post Charges	\$ 169.95	855
29-Oct-19	Vibe Coolgardie Coolgardie	\$ 15.90	855
28-Oct-19	Office National Kalgoo Kalgoorlie	\$ 10.47	855
24-Oct-19	Virgin Aust 7952159967705 Geoff Harcrombe	\$ 773.99	855
24-Oct-19	Virgin Aust 7951508616680 Geoff Harcrombe	\$ 7.93	855
24-Oct-19	Telstra Melbourne President Malcolm Cullen Phone Charges	\$ 90.00	855
21-Oct-19	Dropbox*4Wkbn43N1Mpm Monthly Subscription	\$ 19.25	855
21-Oct-19	Kalgoorlie Bldr Cci Kalgoorlie KBCCI Women's Leadership Forum - Registration	\$ 165.00	855
21-Oct-19	Pan Pacific Perth Valerie Whittaker Accomodation	\$ 651.08	855
21-Oct-19	Daphne Florist Kalgoorlie Flowers for Horan Family	\$ 226.00	855
21-Oct-19	Virgin Aust 7951508545757 Andrew Mann GVROC	\$ 5.61	855
21-Oct-19	Virgin Aust 7952159850308 Andrew Mann GVROC	\$ 548.00	855
21-Oct-19	Virgin Aust 7952159848926 Andrew Mann GVROC	\$ 758.00	855
21-Oct-19	Virgin Aust 7951508545156 Andrew Mann GVROC	\$ 7.76	855
21-Oct-19	Onemusic Australia Music for Councils - Rural	\$ 350.00	855
18-Oct-19	503399Flightcentre.Com Brisbane	\$ 199.99	855
16-Oct-19	Hertz Australia Pty L Melbourne Vehicle Hire Rent - Perth (From Airport) - Productivity Commission meeting	\$ 272.36	855
15-Oct-19	Bp Express Ascot 2244 Belmont Productivity Commission meeting	\$ 16.58	855
14-Oct-19	City Of Stirling Stirling Productivity Commission meeting	\$ 3.00	855
14-Oct-19	City Of Kalgoorlie - B Kalgoorlie Productivity Commission meeting	\$ 10.00	855
11-Oct-19	Xero Au Inv-10217058 Hawthorn GVROC	\$ 50.00	855
11-Oct-19	Crown Towers Perth Mr Rodney Franklin - Accomodation - Project Management Meeting	\$ 338.01	855
11-Oct-19	Crown Towers Perth Mr Rodney Franklin - Accomodation - Project Management Meeting	\$ 332.95	855
10-Oct-19	503399Flightcentre.Com Brisbane Mrs Valerie Whittaker	\$ 524.78	855
09-Oct-19	Post Kambalda Lpo Ka Kambalda West	\$ 48.76	855
08-Oct-19	Adobe Acropro Subs Computer Subscription	\$ 113.25	855
07-Oct-19	Adobe Acropro Subs Computer Subscription	\$ 164.73	855
07-Oct-19	Our Community Pty Ltd West Melbourn	\$ 350.00	855
07-Oct-19	Microsoft*Office 365 Home Msbill.Info	\$ 129.00	855
07-Oct-19	Risswa Mount Claremo Pool Lifeguard Requalification - Catherine Brooking, Lynette Kaye	\$ 318.00	855
03-Oct-19	Paypal *Tourismcoun 4029357733 TCWA Membership Renewal	\$ 150.00	855
02-Oct-19	Duxton Hotel Perth Fd Int Perth Accomodation - IT Vision Seminar - James Trail	\$ 172.55	855
02-Oct-19	Facebk Yxq38Peqr2 Facebook Post Charges	\$ 48.03	855
		<u>\$7,040.93</u>	

**Shire of Coolgardie Credit Card Transactions
NOVEMBER 2019**

Date	Description	Value	Card
27-Nov-2019	Monty/S Restaurant Kalgoorlie	\$ 15.50	855
27-Nov-2019	Goldfields Engraving Kalgoorlie Desk Plate Cr. Tammee Keast	\$ 35.20	855
27-Nov-2019	Wanewsdti Osborne Park West Australian Newspaper Subscription	\$ 84.00	855
25-Nov-2019	Woolworths 4329 Kambalda East Seniors Christmas Luncheon	\$ 749.25	855
25-Nov-2019	Virgin Aust 7951509046716 Bree Crawley Training	\$ 4.59	855
25-Nov-2019	Virgin Aust 7952160723578 Bree Crawley Training	\$ 448.00	855
22-Nov-2019	Perth Ambassador Perth	\$ 201.18	855
22-Nov-2019	Telstra Melbourne President Malcolm Cullen Phone Charges	\$ 90.00	855
21-Nov-2019	Taxi No 7142 Victoria Park	\$ 34.18	855
20-Nov-2019	Dropbox*8Mns3Xqmrm2 Monthly Subscription	\$ 19.25	855
20-Nov-2019	Central Regional Tafe Geraldton Catering Charges Yvette Butterfield	\$ 40.70	855
19-Nov-2019	Rakkan Pty Ltd Laverton - Leanne Shilton	\$ 495.00	855
18-Nov-2019	Merredin Tourist Park Merredin Kathy Brooking	\$ 150.00	855
18-Nov-2019	Kambalda Hotel Kambalda West Farewell Parks Dept	\$ 263.63	855
18-Nov-2019	Kambalda Hotel Kambalda West Farewell Parks Dept	\$ 77.42	855
14-Nov-2019	Qantas Airways Ltd (Ec Mascot	\$ 216.10	855
14-Nov-2019	Virgin Aust 7952160479645 James Trail	\$ 214.00	855
14-Nov-2019	Virgin Aust 7951508907837 James Trail	\$ 2.19	855
14-Nov-2019	Wa Newspapers Ltd Osborne Park Advertisement Charges	\$ 112.70	855
11-Nov-2019	Xero Au Inv-10489253 Hawthorn GVROC	\$ 50.00	855
08-Nov-2019	Goldfields Engraving Kalgoorlie Name Update	\$ 35.20	855
08-Nov-2019	Adobe Acropro Subs Computer Subscription	\$ 128.71	855
08-Nov-2019	503399Flightcentre.Com Brisbane Yvette Butterfield Training	\$ 785.16	855
07-Nov-2019	Adobe Acropro Subs Computer Subscription	\$ 25.74	855
07-Nov-2019	Adobe Acropro Subs Computer Subscription	\$ 164.73	855
07-Nov-2019	Breathalyser Sales - Breath analysers	\$ 213.95	855
04-Nov-2019	Facebk Qwdapp6QR2 Facebook Post Charges	\$ 35.47	855
04-Nov-2019	Civeo Pty Ltd Kambalda East Mr Geoff Harcrombe	\$ 396.63	855
		<u>\$ 5088.48</u>	

**Shire of Coolgardie Credit Card Transactions
DECEMBER 2019**

Date	Description	Amount	Card No.
24/12/2019	Yvette Joan Kerr Kambalda West Traveller's meals	\$ 282.50	855
23-Dec-2019	Global Micro Rosebery Animal Microchips	\$ 205.00	855
20-Dec-2019	Goldfields Engraving Kalgoorlie Cr. Betty Logan Gift	\$ 17.60	855
20-Dec-2019	Dropbox*5P6M3K7T5Kkm Dublin Subscription	\$ 19.25	855
20-Dec-2019	Railway Motel PI Kalgoorlie Steven Tweedie Accomodation	\$ 160.59	855
16-Dec-2019	503399Flightcentre.Com Brisbane Steven Tweedie	\$ 848.91	855
12-Dec-2019	Ibis Styles Kalgoorlie Kalgoorlie - Martin Whitely Accomodation	\$ 200.57	855
11-Dec-2019	Yvette Joan Kerr Kambalda West OHS Training	\$ 173.10	855
10-Dec-2019	Xero Au Inv-10775956 Hawthorn GVROC	\$ 50.00	855
09-Dec-2019	Adobe Acropro Subs Computer Subscription	\$ 128.71	855
09-Dec-2019	Adobe Acropro Subs Computer Subscription	\$ 205.94	855
09-Dec-2019	Live Taxi Australia West Melbourn	\$ 31.56	855
06-Dec-2019	The Royal On The Water East Perth	\$ 21.84	855
06-Dec-2019	Ingot Hotel Perth Belmont	\$ 199.47	855
06-Dec-2019	Ingot Hotel Perth Belmont	\$ 199.47	855
06-Dec-2019	Ingot Hotel Belmont	\$ 68.50	855
06-Dec-2019	Toast Bistro East Perth	\$ 8.00	855
05-Dec-2019	Md Lutfur Rahman Tal Stratton	\$ 29.90	855
05-Dec-2019	Virgin Aust 7952161022119 James Trail & Mia Hicks Flights	\$ 1,788.00	855
05-Dec-2019	Virgin Aust 7951509215701 James Trail & Mia Hicks Flights	\$ 18.31	855
05-Dec-2019	Virgin Aust 7951509211854 Keith Dickerson Flights	\$ 5.41	855
05-Dec-2019	Virgin Aust 7952161011972 Keith Dickerson Flights	\$ 528.00	855
05-Dec-2019	Dome Kalgoorlie Kalgoorlie	\$ 19.20	855
04-Dec-2019	Post Kambalda Lpo Ka Kambalda West - Gift Cards for Staff Christmas Party	\$ 1,267.85	855
02-Dec-2019	Facebk 9Px6Tpnr2 Facebook Post Charges	\$ 4.82	855
02-Dec-2019	Rose & Crown Hotel Guildford James Trail Accomodation	\$ 346.00	855
		<u>\$ 6546.00</u>	



Department of
**Local Government, Sport
and Cultural Industries**

Coolgardie - Compliance Audit Return 2019

Certified Copy of Return

Please submit a signed copy to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of section of relevant minutes.

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2019?	N/A		Martin Whitely
2	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2019?	N/A		Martin Whitely
3	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2019?	N/A		Martin Whitely
4	s3.59(4)	Has the local government complied with public notice and publishing requirements of each proposal to commence a major trading undertaking or enter into a major land transaction for 2019?	N/A		Martin Whitely
5	s3.59(5)	Did the Council, during 2019, resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		Martin Whitely



Delegation of Power / Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority?	N/A	There are no formal Committees of Council	Martin Whitely
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing?	N/A		Martin Whitely
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17?	N/A		Martin Whitely
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations?	N/A		Martin Whitely
5	s5.18	Has Council reviewed delegations to its committees in the 2018/2019 financial year?	Yes	June 2019 Council Resolution #097/19	Martin Whitely
6	s5.42(1),5.43 Admin Reg 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act?	Yes		Martin Whitely
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority?	Yes		Martin Whitely
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing?	Yes		Martin Whitely
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		Martin Whitely
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	Yes		Martin Whitely
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees?	Yes		Martin Whitely
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2018/2019 financial year?	Yes		Martin Whitely
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record as required?	No	While records were maintained for persons exercising delegated power or duty, this was not recorded on all occasions.	Martin Whitely

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision-making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68)?	Yes		Martin Whitely



No	Reference	Question	Response	Comments	Respondent
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings?	Yes		Martin Whitely
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made?	Yes		Martin Whitely
4	s5.73	Where the CEO had an interest relating to a gift under section 5.71A(1), was written notice given to the Council?	N/A		Martin Whitely
5	s5.73	Where the CEO had an interest relating to a gift in a matter in respect of a report another employee is providing advice on under section 5.71A (3), was the nature of interest disclosed when the advice or report was provided?	N/A		Martin Whitely
6	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day?	Yes		Martin Whitely
7	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day?	Yes		Martin Whitely
8	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2019?	Yes		Martin Whitely
9	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2019?	Yes		Martin Whitely
10	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return?	Yes		Martin Whitely
11	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76?	Yes		Martin Whitely
12	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28?	Yes		Martin Whitely
13	s5.89A Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under section 5.71A, in the form prescribed in Administration Regulation 28A?	Yes		Martin Whitely
14	s5.88 (3)	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76?	N/A		Martin Whitely



No	Reference	Question	Response	Comments	Respondent
15	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee?	Yes		Martin Whitely
16	s5.103 Admin Reg 34C & Rules of Conduct Reg 11	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes?	Yes		Martin Whitely
17	s5.70(2)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to the Council or a Committee, did that person disclose the nature of that interest when giving the advice or report?	Yes		Martin Whitely
18	s5.70(3)	Where an employee disclosed an interest under s5.70(2), did that person also disclose the extent of that interest when required to do so by the Council or a Committee?	Yes		Martin Whitely
19	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees?	Yes		Martin Whitely

Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5))?	N/A		Martin Whitely
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	N/A		Martin Whitely



Elections					
No	Reference	Question	Response	Comments	Respondent
1	Elect Reg 30G (1) (2)	Did the CEO establish and maintain an electoral gift register and ensure that all 'disclosure of gifts' forms completed by candidates and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the candidates?	Yes		Martin Whitely
2	Elect Reg 30G(3) & (4)	Did the CEO remove any 'disclosure of gifts' forms relating to an unsuccessful candidate or a successful candidate that completed the term of office from the electoral gift register, and retain those forms separately for a period of at least 2 years?	N/A		Martin Whitely

Finance					
No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act?	Yes		Martin Whitely
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	N/A		Martin Whitely
3	s7.3(1)	Was the person(s) appointed by the local government under s7.3(1) to be its auditor, a registered company auditor?	Yes		Martin Whitely
4	s7.3(1), 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council?	Yes		Martin Whitely
5	Audit Reg 10	Was the Auditor's report(s) for the financial year(s) ended 30 June received by the local government within 30 days of completion of the audit?	Yes		Martin Whitely
6	s7.9(1)	Was the Auditor's report for the financial year ended 30 June 2019 received by the local government by 31 December 2019?	Yes		Martin Whitely
7	S7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken, did the local government, ensure that appropriate action was undertaken in respect of those matters?	Yes		Martin Whitely



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No	Reference	Question	Response	Comments	Respondent
8	S7.12A (4)	Where the auditor identified matters as significant in the auditor's report (prepared under s7.9(1) of the Act), did the local government prepare a report stating what action had been taken or it intended to take with respect to each of the matters and give a copy to the Minister within 3 months after receipt of the audit report?	No	Matters raised in the Audit Report were tabled and endorsed at an Audit Committee meeting in December 2018 but were not endorsed by Council until August 2019. The letter to the Minister was then sent in October 2019.	Martin Whitely
9	S7.12A (5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	Yes		Martin Whitely
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit?	Yes		Martin Whitely
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit?	Yes		Martin Whitely
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit?	Yes		Martin Whitely
13	Audit Reg 7	Did the agreement between the local government and its auditor include details of the remuneration and expenses to be paid to the auditor?	Yes		Martin Whitely
14	Audit Reg 7	Did the agreement between the local government and its auditor include the method to be used by the local government to communicate with, and supply information to, the auditor?	Yes		Martin Whitely



Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	s5.56 Admin Reg 19DA (6)	Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments?	Yes	Adopted 28 May 2019 Council Resolution #067/19	Martin Whitely
2	s5.56 Admin Reg 19DA (4)	Has the local government reviewed the Corporate Business Plan in the 2018-2019 Financial Year. If Yes, please provide date of Council meeting the review was adopted at?	N/A	Will be reviewed within 12 months of adoption	Martin Whitely
3	s5.56 Admin Reg 19C	Has the local government adopted a Strategic Community Plan. If Yes, please provide adoption date of the most recent Plan in Comments?	Yes		Martin Whitely
4	s5.56 Admin Reg 19C (4)	Has the local government reviewed the current Strategic Community Plan. If Yes, please provide date of most recent review by Council in Comments. Note: If the current Strategic Community Plan was adopted after 1/1/2016, please respond N/A and provide adoption date in Comments?	N/A	June 2018 Council Resolution #108/18	Martin Whitely
5	S5.56 Admin Reg 19DA (3)	Has the local government developed an Asset Management Plan(s) that covers all asset classes. If Yes, please provide the date of the most recent Plan adopted by Council in Comments?	Yes	November 2016 Council Resolution #315/16	Martin Whitely
6	S5.56 Admin Reg 19DA (3)	Has the local government developed a Long Term Financial Plan. If Yes, please provide the adoption date of the most recent Plan in Comments?	Yes	Adopted 28 May 2019 Council Resolution #068/19	Martin Whitely
7	S5.56 Admin Reg 19DA (3)	Has the local government developed a Workforce Plan. If Yes, please provide adoption date of the most recent Plan in comments?	Yes	November 2012 Council Resolution #233/12	Martin Whitely



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Local Government Employees					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	N/A	CEO position was not advertised	Martin Whitely
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A?	N/A	The Shire does not have any designated senior employees	Martin Whitely
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position of CEO under section 5.36(4)?	N/A		Martin Whitely
4	Admin Regs 18E	Did the local government ensure checks were carried out to confirm that the information in an application for employment was true (applicable to CEO only)?	N/A		Martin Whitely
5	s5.37(2)	Did the CEO inform Council of each proposal to employ or dismiss a designated senior employee?	N/A		Martin Whitely



Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer?	N/A		Martin Whitely
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that result in action under s5.110(6)(b) or (c)?	Yes		Martin Whitely
3	s5.121(2)(a)	Does the complaints register maintained by the complaints officer include provision for recording of the name of the council member about whom the complaint is made?	Yes		Martin Whitely
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the name of the person who makes the complaint?	Yes		Martin Whitely
5	s5.121(2)(c)	Does the complaints register maintained by the complaints officer include provision for recording a description of the minor breach that the standards panel finds has occurred?	Yes		Martin Whitely
6	s5.121(2)(d)	Does the complaints register maintained by the complaints officer include the provision to record details of the action taken under s5.110(6)(b) or (c)?	Yes		Martin Whitely



Optional Questions					
No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5 (2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Local Government (Financial Management) Regulation 5 (2)(c) within the 3 years prior to 31 December 2019? If yes, please provide date of Council resolution in comments?	Yes	FMR completed June 2018 Endorsed by Council in December 2018 Resolution #257/18 A further FMR was completed in April 2019 but was not formally presented to Council	Martin Whitely
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulation 17 within the 3 years prior to 31 December 2019? If yes, please provide date of Council resolution in comments?	Yes	October 2018 Resolution #202/18	Martin Whitely
3	Financial Management Reg 5A.	Did the local government provide AASB 124 related party information in its annual report(s) tabled at an electors meeting(s) during calendar year 2019?	Yes		Martin Whitely
4	S6.4(3)	Did the local government submit to its auditor by 30 September 2019 the balanced accounts and annual financial report for the year ending 30 June 2019?	Yes		Martin Whitely

Tenders for Providing Goods and Services					
No	Reference	Question	Response	Comments	Respondent
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into contracts for the supply of goods or services) where the consideration under the contract was, or was expected to be, worth more than the consideration stated in Regulation 11(1) of the Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2))?	Yes		Martin Whitely
2	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract?	N/A		Martin Whitely
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice?	Yes		Martin Whitely
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16?	Yes		Martin Whitely



No	Reference	Question	Response	Comments	Respondent
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer, notice of the variation?	Yes		Martin Whitely
6	F&G Reg 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Reg 16?	Yes		Martin Whitely
7	F&G Reg 18(1)	Did the local government reject the tenders that were not submitted at the place, and within the time specified in the invitation to tender?	Yes		Martin Whitely
8	F&G Reg 18 (4)	In relation to the tenders that were not rejected, did the local government assess which tender to accept and which tender was most advantageous to the local government to accept, by means of written evaluation criteria?	Yes		Martin Whitely
9	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection?	Yes		Martin Whitely
10	F&G Reg 19	Did the CEO give each tenderer written notice advising particulars of the successful tender or advising that no tender was accepted?	Yes		Martin Whitely
11	F&G Reg 21 & 22	Did the local governments advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22?	N/A		Martin Whitely
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice?	N/A		Martin Whitely
13	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services?	N/A		Martin Whitely
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest, a notice in writing in accordance with Functions & General Regulation 24?	N/A		Martin Whitely
15	F&G Reg 24AC (1) & (2)	Has the local government established a policy on procurement of goods and services from pre-qualified suppliers in accordance with the regulations?	N/A		Martin Whitely
16	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice?	N/A		Martin Whitely
17	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE?	N/A		Martin Whitely



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**Local Government, Sport
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No	Reference	Question	Response	Comments	Respondent
18	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16 as if the reference in that regulation to a tender were a reference to a panel application?	N/A		Martin Whitely
19	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, given notice of the variation?	N/A		Martin Whitely
20	F&G Reg 24AH(1)	Did the local government reject the applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time specified in the invitation for applications?	N/A		Martin Whitely
21	F&G Reg 24AH(3)	In relation to the applications that were not rejected, did the local government assess which application (s) to accept and which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria?	N/A		Martin Whitely
22	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers, comply with the requirements of F&G Reg 24AG?	N/A		Martin Whitely
23	F&G Reg 24AI	Did the CEO send each person who submitted an application, written notice advising if the person's application was accepted and they are to be part of a panel of pre-qualified suppliers, or, that the application was not accepted?	N/A		Martin Whitely
24	F&G Reg 24E	Where the local government gave a regional price preference, did the local government comply with the requirements of F&G Reg 24E including the preparation of a regional price preference policy?	Yes		Martin Whitely
25	F&G Reg 24F	Did the local government comply with the requirements of F&G Reg 24F in relation to an adopted regional price preference policy?	Yes		Martin Whitely
26	F&G Reg 11A	Does the local government have a current purchasing policy that comply with F&G Reg 11A(3) in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$150,000 or less?	Yes		Martin Whitely



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No	Reference	Question	Response	Comments	Respondent
27	F&G Reg 11A	Did the local government comply with its current purchasing policy in relation to the supply of goods or services where the consideration under the contract is, or is expected to be \$150,000 or less or worth \$150,000 or less?	Yes		Martin Whitely

I certify this Compliance Audit return has been adopted by Council at its meeting on _____

Signed Mayor / President, Coolgardie

Signed CEO, Coolgardie

Western Australian Auditor General's Report



Audit Results Report – Annual 2018-19 Financial Audits of Local Government Entities



Report 16: 2019-20

11 March 2020

**Office of the Auditor General
Western Australia**

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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.

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

**Audit Results Report – Annual 2018-19
Financial Audits of Local Government Entities**

Report 16: 2019-20
March 2020



**THE PRESIDENT
LEGISLATIVE COUNCIL
WESTERN AUSTRALIA**

**THE SPEAKER
LEGISLATIVE ASSEMBLY
WESTERN AUSTRALIA**

**AUDIT RESULTS REPORT – ANNUAL 2018-19 FINANCIAL AUDITS OF LOCAL
GOVERNMENT ENTITIES**

Under section 24 of the *Auditor General Act 2006*, this report covers the second year of a 4-year transition for my Office to conduct the annual financial audits of the local government sector, following proclamation of the *Local Government Amendment (Auditing) Act 2017*.

This report on the 2018-19 financial audits of 112 local government entities includes:

- results of the audits of local government entities' annual financial reports, and their compliance with applicable legislation for the financial year ending 30 June 2019
- issues identified during these annual audits that are significant enough to bring to the attention of the Parliament.

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

A handwritten signature in black ink, appearing to read 'Caroline Spencer'.

CAROLINE SPENCER
AUDITOR GENERAL
11 March 2020

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Auditor General's overview

The 2018-19 financial year marked the second year of a 4-year transition of local government financial auditing to the Office of the Auditor General, following proclamation of the *Local Government Amendment (Auditing) Act 2017*. We performed the 2018-19 audits for 112 of the State's 148 local government entities, of which 106 were completed by 3 March 2020 and are included in this report.



In addition to summarising the results of the audits for Parliament, I have taken the opportunity to provide Parliament and the local government sector with further insight to our approach for performing financial audits. We have also highlighted opportunities for streamlining accounting practices and the preparation of annual financial reports and their audit, with a view to reducing annual reporting costs.

Five auditor's reports included a qualified opinion on the financial report (page 10). Despite this low number of qualifications, there is little room for complacency, as a clear audit opinion is the minimum we should all expect. Although some entities had good audit outcomes, it is concerning that we reported 93 material matters of non-compliance in the auditor's reports of 48 entities, and 823 significant or moderate weaknesses in financial management and information systems controls in our management letters. Some of these were unresolved from the previous year. If not addressed, these omissions and exposures increase the risk of financial loss, error or fraud.

Most entities need to implement a more robust quality review process to ensure that their financial reports are complete and accurate and the working papers adequately support the figures in their financial reports. Many entities also need to maintain an effective internal audit function, supported by an active audit committee, to improve the level of accountability and integrity of reporting and operational activities.

As we have taken on more financial audits for the sector, we have actively engaged with key governance officers and operational staff in local government entities. We have found this very rewarding. In particular, attending zone meetings and participating in audit entrance and exit meetings of our local government clients has enabled valuable exchanges of information on audit expectations and matters of accountability in the sector. In addition to undertaking our audit work, fostering an open dialogue in this manner assists my office to deliver enhanced audit outcomes for the sector and Parliament.

I am however concerned that a small number of local governments do not recognise the need for council to be involved with the external audit. A few have attempted to avoid councillors being consulted by our auditors. Australian Auditing Standards require auditors to consider whether any matters need to be communicated with management, those charged with governance, or others. In some instances, it is essential that I and my staff liaise with council or council members and we will continue to do so, to avoid a restriction on the scope of the audit, and in recognition that under section 2.7 of the *Local Government Act 1995* the role of the council is to govern.

I am encouraged that the sector is embracing changes suggested during our audits. I also support future action to streamline preparation for changes in accounting standards and policies, particularly those relating to the valuation of assets.

I wish to thank my staff, our contract auditors, and staff in the local government entities we audited who contributed and assisted during our second year of transition into the annual financial audits of local government entities.

Executive summary

This Audit Results Report contains findings from the annual financial audits of the local governments and regional councils that we audited for the 2018-19 financial year.

Following proclamation of the *Local Government Amendment (Auditing) Act 2017* (Amendment Act), the Auditor General has been progressively assuming responsibility for the audits of the annual financial reports of local government entities. This report covers the annual financial audits of 112 entities, with the remaining 36 due to transition to the Auditor General by 2021.

Under the Amendment Act, the Auditor General also assumed responsibility for performance audits of the local government sector. We report to Parliament on those audits when they are completed.

Key findings

- We issued auditor's reports for 106 entities by 3 March 2020 for the 2018-19 financial year. (page 10)
- All but 5 auditor's reports included clear (unqualified) audit opinions on the financial reports (page 10). However, we reported 93 material matters of non-compliance with the *Local Government Act 1995*, Local Government (Financial Management) Regulations 1996, or other written law in 48 of our auditor's reports. If not addressed, these non-compliance matters may result in significant financial loss, inefficiency, financial misreporting or fraud. (page 12)
- At 13 entities, required related party disclosures were not made by all councillors and other key management personnel. Three entities currently do not have a related party declarations policy in place and at some entities there were several non-disclosures. (page 23)
- In addition to material matters of non-compliance reported in auditor's reports, we reported the following to entity management and the Minister for Local Government:
 - 766 financial management control weaknesses at 104 entities, of which 74% related to expenditure, financial management, payroll and human resources, and revenue. We considered 85% to be significant or moderate risk if not resolved in the short term (page 16)
 - 202 information system (IS) control weaknesses at 38 entities. This includes 125 weaknesses identified at 9 of the 10 entities subjected to a specific IS audit. (page 19)
- The audits of 16 entities were not completed by 31 December 2019, mainly because the entities were still investigating or correcting errors in their financial reports. (page 9)
- The quality of financial reports submitted for audit varied significantly across entities, from good to very poor, including some that did not balance and required significant levels of additional audit work. (page 24)

- During our second year of performing annual financial audits in the local government sector, we have made further general observations and included these in the report, with a view to minimising the cost of financial reporting and auditing in the future. These relate mainly to:
 - opportunities to reduce the financial reporting burden on small and medium sized entities, as the quantity of detail that is being reported is onerous and exceeds that reported by most WA State government entities (page 8 and 26)
 - concern that there are reporting inconsistencies in the sector as a variety of valuation methodologies are being used for property and infrastructure (page 20)
 - the costs and benefits of requiring all asset classes to be valued. (page 26)
- We have also commented on the low proportion of entities that have an internal audit function and continue to identify significant opportunities to increase the effectiveness of audit committees and enhance auditor/entity communications. (page 27)
- Entities are preparing for upcoming changes to Australian Accounting Standards on revenue, income and leases for 2019-20, and we have recommended this be completed by 30 June 2020. (page 29)

Recommendations

1. Local government entities should ensure they maintain the integrity of their financial control environment by:
 - a. periodically reviewing and updating all financial, asset, human resources, governance, information systems and other management policies and procedures, and communicating these to staff
 - b. conducting ongoing reviews and improvement of internal control systems in response to regular risk assessments
 - c. regularly monitoring compliance with relevant legislation
 - d. promptly addressing control weaknesses brought to their attention by our audits, and other audit and review mechanisms. (page 18)
2. Entities should ensure that reports from their valuers clearly explain key aspects of the valuations, and that management has a comprehensive understanding of the reports. (page 20)
3. Management should annually review the estimated useful lives of assets used for calculating depreciation, if necessary in consultation with their valuers or other experts. In addition, for greater consistency across entities, the Department of Local Government, Sport and Cultural Industries (DLGSC) should review its guidance regarding potential ranges for useful lives of assets, and entities should consider the guidance when doing their annual reviews. (page 21)
4. Entities who have not yet done so, should implement the recommendations of our local government position paper number 1 '*Accounting for work bonds, building bonds and hire bonds*'. (page 23)

5. DLGSC should consider extending existing declaration processes to include annual related party declarations for councillors and key management personnel that assist compliance with Australian Accounting Standard AASB 124 and that are fit-for-purpose to the local government environment. (page 23)
6. Local government entities should, where necessary, seek advice in advance of year end if uncertain about appropriate accounting treatments. (page 25)
7. To improve the quality of financial reports and achieve greater consistency across entities, DLGSC should consider providing an accounting advice helpdesk to the local government sector. (page 25)
8. DLGSC should re-assess the amount of detail required to be included in annual financial reports, in particular for small and medium sized entities. (page 26)
9. DLGSC should re-assess the potential advantages and disadvantages if smaller local government entities reported some asset classes such as plant and equipment using the cost model, rather than periodically re-valuing those assets. (page 27)
10. Entities and DLGSC should monitor the progress of the Australian Accounting Standards Board (AASB) and the International Public Sector Accounting Standards Board (IPSASB) public sector fair value projects relating to the valuation of assets. (page 20)
11. DLGSC should consider facilitating a shared internal audit service for the local government sector, as a service available to small and medium entities who do not have their own internal audit function. (page 28)
12. To facilitate timely preparation of annual financial reports, and to minimise the additional audit costs associated with Australian Accounting Standards on revenue, income and leases (AASB 15, AASB 1058 and AASB 16), entities should complete preparations for those new standards by 30 June 2020. (page 29)

Introduction

Under the *Local Government Amendment (Auditing) Act 2017* (Amendment Act), proclaimed in October 2017, a staged program commenced for local government annual financial audits to transition to the Auditor General as and when existing audit contracts between audit firms and entities expire. The Office of the Auditor General (OAG) was responsible for 112 audits for 2018-19, the second year of the transition. All financial audits will fall under the OAG by 2020-21.

OAG audit staff performed 13 of the 112 financial audits, with the others performed by contract audit firms on our behalf. Our oversight of these audits, coupled with in-house OAG audits, has provided our staff with valuable insight and understanding of the sector. We will be increasing the number of audits performed using in-house audit teams, however we anticipate a large proportion will continue to be performed by contract audit firms, under our oversight. These will be periodically re-tendered to provide open and fair competition, and to ensure value for money.

We are committed to supporting the regions and, where possible and appropriate, we use local financial auditing professionals in regional areas.

Over \$39.6 billion of total assets were audited for the 106 entities. Their combined total operating revenue was \$3.6 billion, of which rates contributed \$2 billion (56%) and fees and charges \$945 million (27%). The combined total operating expenditure was \$3.6 billion.

Annual financial reporting framework, timeline and audit readiness

Reporting framework and content

Each entity is required to prepare an annual financial report that includes:

- a Statement of Financial Position, Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows
- a Rate Setting Statement
- 7 financial ratios required under section 50(1) of the Local Government (Financial Management) Regulations 1996 (LG Financial Management Regulations), to be reported in the Notes to the annual financial report.

The quantity of detail that is being reported is onerous and exceeds that reported by most WA State government entities and includes details not included by local governments in other jurisdictions. On page 26 we have recommended that DLGSC re-assess the amount of detail in annual financial reports.

Financial reporting timeliness

Under section 6.4(3) of the *Local Government Act 1995* (LG Act), entities must submit their annual financial reports for audit to the OAG by 30 September. (See appendix 3 on page 37 for full timeline.) Many of the entities we audited for 2018-19 submitted their financial reports for audit in advance of this deadline. However, 16 of the 112 we audited did not meet the statutory deadline, and sought approval from the Minister to instead submit for audit by various deadlines, the latest being 30 November. There were a variety of reasons for these delays, including staffing shortages in some entities and a few instances of illness.

We completed 96 of the audits by 31 December 2019 as required by section 7.9 of the LG Act. The main reasons for delays finalising the audits included the abovementioned late submission by entities, problems with asset valuations that entities only received after year end and which required various clarifications, insufficient evidence to support the financial report, and numerous errors requiring correction.

Overall, while there are some entities whose financial management procedures are sound and their teams are well prepared for audit, we found the quality and timeliness of information provided for local government audit purposes is lower than for the State public sector.

By 3 March 2020 we had completed a further 10 of the 16 audits that were incomplete at 31 December 2019.

Summary of auditor's reports issued

At 3 March 2020, we had issued auditor's reports for 106 entities for the financial year ending 30 June 2019.

The auditor's report includes:

- the audit opinion on the annual financial report
- any significant non-compliance in relation to the financial report or other financial management practices
- any material matters that indicate significant adverse trends in the financial position of the entity.

Under the Amendment Act, an entity's chief executive officer (CEO) is required to publish their annual report, including the audited financial report and the auditor's report, on the entity's website within 14 days of the annual report being accepted by the local government council. Appendix 1, from page 32, is a table of all local government entities' auditor's reports issued by the Auditor General for 2018-19.

Audit opinions on annual financial reports

An unqualified audit opinion in the auditor's report indicates the annual financial report was based on proper accounts and records, and fairly represented performance during the year and the financial position at year end. All but 5 entities received unqualified (clear) audit opinions.

We issue a qualified opinion in our auditor's report on an annual financial report if we consider it is necessary to alert readers to material inaccuracies or limitations in the financial report that could mislead readers. The following 5 entities received a qualified opinion:

Shire of Bruce Rock

Other than for roads, the Shire's 2017-18 valuation of infrastructure assets including bridges, footpaths, drainage, other infrastructure and the airstrip, was a desktop valuation and did not include an assessment of the condition of assets. We therefore issued a qualified audit opinion because we were unable to obtain sufficient appropriate audit evidence to confirm the value reported for infrastructure assets, other than roads, at 30 June 2019 and 30 June 2018.

Shire of Goomalling

We issued a qualified opinion as the Shire recognised rates revenue from properties owned by the Shire, along with a corresponding expense. This is not in accordance with the requirements of Australian Accounting Standard AASB 101 – *Presentation of Financial Statements*, and overstated the total revenue and total expenses by \$110,140 for the year ended 30 June 2019 and by \$112,403 for the previous year. The Shire identified this incorrect practice during the year and advised that it has taken steps, during its 2019-20 budget process, to ensure correct rating for the future.

Shire of Ravensthorpe

The audit opinion for the year ending 30 June 2018 was qualified because the Shire's infrastructure assets had not been revalued since 30 June 2015.

An appropriate valuation was performed for 2018-19, and the amount of \$124,591,608 reported at 30 June 2019 is considered to represent fair value. However, in accordance with Australian Auditing Standards, we have issued a qualified opinion to alert users of the annual

financial report that the balance at 30 June 2019 may not be comparable to the balance reported for 30 June 2018, because of the uncertainty over the 2018 balance.

Shire of Sandstone

A qualified audit opinion was issued as the Shire's roads and footpaths infrastructure were last valued in June 2014. Because the assets have not been re-valued with sufficient regularity or in accordance with Regulation 17A of the LG Financial Management Regulations, we were unable to determine whether infrastructure of \$38,203,388 in the Statement of Financial Position represents fair value.

Shire of Wagin

The Shire's previous auditor issued a qualified audit opinion in relation to infrastructure assets for the year ended 30 June 2018 because drainage assets had not been valued for several years. The drainage assets were valued during 2018-19 at \$3,416,594. However, in accordance with Australian Auditing Standards, we have issued a qualified opinion to alert users of the annual financial report that the balance of infrastructure assets at 30 June 2019 may not be comparable to the balance reported at 30 June 2018, because of the uncertainty over the 2018 balance.

Prior year qualified opinions removed in 2018-19

Two entities revised their financial reporting or took necessary action resulting in the 2017-18 matters in their qualified opinions being resolved and the qualification removed for 2018-19.

Shire of Brookton

In 2018-19, the Shire recognised its grant revenue in accordance with the accounting standards and disclosed the correction of the 2017-18 figures in the notes. The qualified opinion has therefore been removed.

Town of Cambridge

During 2018-19, the Town transferred bond moneys held into the Municipal Fund. Interest earned on the bond moneys whilst they were previously held in trust has been calculated and a refund process has commenced. The Town's previous qualified opinion on this matter has been removed.

Emphasis of Matter paragraphs included in auditor's reports

If a matter is appropriately presented or disclosed in the financial report but, in our judgement, is of such importance that it should be drawn to the attention of financial report users, we may include an Emphasis of Matter paragraph in our auditor's report.

This year, we again included an Emphasis of Matter in every auditor's report to highlight the inconsistency between Regulation 16 of the LG Financial Management Regulations and the Australian Accounting Standards. The regulation does not allow a local government entity to recognise some categories of land, including land under roads, as assets in the annual financial report.

The following were other noteworthy matters that we highlighted through Emphasis of Matter paragraphs:

City of Cockburn – correction of prior period errors

We included an Emphasis of Matter to highlight the City's disclosure that several account balances previously reported in 2017-18 have been restated in the comparative information reported in the 2018-19 annual financial report.

City of Karratha – liability to remediate waste disposal site

We included an Emphasis of Matter to highlight the City's disclosure of a contingent liability for the rehabilitation of its Seven Mile Waste Disposal site. The City has indicated it is obtaining a reliable estimate of its liability with a view to reporting it in the 2019-20 annual financial report. Provisional estimates indicate that the liability is likely to be significant. There is \$20.1 million in funds in its Waste Management Reserve which the City has advised exceeds the provisional estimate of the liability and can be used for the rehabilitation of this site.

Material matters of non-compliance with legislation

Regulation 10(3)(b) of the Local Government (Audit) Regulations 1996 (LG Audit Regulations) requires the auditor to report, in the auditor's report, any matters indicating non-compliance with Part 6 of the LG Act, LG Financial Management Regulations or applicable financial controls in any other written law. These matters may relate to the financial report or to other financial management matters.

In determining which matters to report, we apply the principles of materiality, as required by Australian Auditing Standard ASA 320 *Materiality in Planning and Performing an Audit*. Factors that we consider include the extent and frequency of the non-compliance, and the effect or potential effect.

Some of the matters we have reported relate to non-compliance with specific sections of the LG Act or regulations. We consider regulation 5(1) of the LG Financial Management Regulations to be particularly important, because failure to effectively apply those requirements can result in significant financial loss, inefficiency, financial misreporting or fraud. We considered many of the findings that we reported to represent non-compliance with this important section of the LG Financial Management Regulations.

Our individual findings are included in our auditor's reports which become part of the annual report of each entity and are presented on their websites. There was no discernible trend regarding the type or size of entity to which these findings relate. For the convenience of Parliament and the public, we have summarised in Table 1 the more notable matters we reported:

Issue	Finding
Controls over accounting journal entries	<p>At 22 entities we found that accounting journal entries were often posted with no evidence of independent review and approval by another person.</p> <p>Accounting journals can represent significant adjustments to previously approved accounting transactions, and could result in, for example, one type of expenditure being re-coded to another type of expenditure. If not closely controlled, unauthorised journals could result in errors in financial reports, or fraud. Journals should therefore be subject to independent review.</p>
Bank reconciliation process incomplete	<p>At 1 entity the municipal and trust account bank reconciliations provided at 30 June 2019 had no evidence of who prepared them and were not independently reviewed. In addition, the municipal bank reconciliation included numerous uncleared reconciling items more than 12 months old. At 6 other entities</p>

Issue	Finding
	<p>bank reconciliations were not independently reviewed by management.</p> <p>While we considered these instances to warrant reporting in the auditor's report, we have also reported in our management letters, several other less significant control shortcomings in relation to bank reconciliations.</p>
Quotes not obtained or no evidence retained	<p>At 9 entities between 17% and 75% of purchase transactions sampled had inadequate or no evidence that a sufficient number of quotations was obtained to test the market and no documentation to explain why other quotes were not sought. This practice increased the likelihood of not receiving value for money in procurement, or favouritism of suppliers.</p>
Procurement without purchase orders	<p>At 6 entities purchase orders were not prepared or were prepared after the suppliers' invoices were received.</p>
Financial ratios not reported	<p>Nineteen entities did not report the Asset Renewal Funding Ratio, mostly for the 3 years, 2019, 2018 and 2017, in their annual financial report as required by regulation 50(1)(c) of the LG Financial Management Regulations. Reasons for non-reporting included:</p> <ul style="list-style-type: none"> • planned capital renewals and required capital expenditures were not estimated as required to support the long term financial plan and asset management plan respectively • management could not confirm the reliability of the available information on planned capital renewals and required capital expenditure • the assets management plan was not current • information on planned capital renewals and required capital expenditure over a 10 year period was not available • the asset renewal program had not been updated due to the proposed divestment of an asset. <p>In addition, 1 entity did not report the Asset Consumption Ratio for 2017 in the annual financial report, as required by regulation 50(1)(c) of the LG Financial Management Regulations, as current replacement cost of depreciable assets was not estimated in 2017.</p>
Review not performed of financial management systems and procedures	<p>At 7 entities a review of the financial management systems and procedures was not completed at least once every 3 financial years, as required by section 5(2)(c) of the LG Financial Management Regulations.</p>
Review not performed of risk management, internal control and legislative compliance	<p>At 3 entities a review of systems and procedures in relation to risk management, internal control and legislative compliance was not completed at least once every 3 years as required by Regulation 17 of the LG Audit Regulations.</p>
No review and authorisation of changes to masterfiles	<p>There was no evidence of independent review and authorisation of changes made to the creditor masterfile at 5 entities, the payroll masterfile at 4 entities and the debtors master file at 3 entities. This increased the risk of unauthorised changes to key information, although our audit sampling did not identify any.</p>

Issue	Finding
<p>Miscellaneous findings</p>	<p>We also reported several isolated instances of non-compliance:</p> <ul style="list-style-type: none"> • Bonds and other monies incorrectly held in the trust fund which are not held in trust, or required to be credited to the trust fund under section 6.9(1) of the LG Act. • Two entities continued to procure goods and services from suppliers after their contracts had expired, without a valid extension. This practice increases the likelihood of not receiving value for money in procurement. • At 2 entities some services were procured where the total spend for each supplier during the year exceeded \$150,000, however tenders were not called. In 1 of these instances, there was also no written contract in place. Section 11(1) of the Local Government (Functions and General) Regulations 1996 requires public tenders to be invited for services that are above \$150,000. • Rates adjustment entries were posted by 1 employee, without being reviewed by a senior staff member independent of preparation. This increases the risk of errors or fraud passing undetected. • An entity transferred money from the building reserve via a transfer from cash backed reserves to unrestricted cash in excess of the amount approved within the entity's annual budget. • The unrestricted cash position at 30 June 2019 was a negative balance as the entity had transferred funds into reserves that exceeded the balance of unrestricted cash that was in the Municipal Fund. • At 1 entity monitoring and control activities for revenue and receipting processes were inadequate. Furthermore, internal controls relating to purchases of goods, fundraising activities, staff discounts and review of attendance fees at a child care centre were inadequate during the period.

Source: OAG

Table 1: Material non-compliance with legislation reported in auditor's reports

Adverse trends in the financial position of local government entities

Regulation 10(3)(a) of the LG Audit Regulations requires the auditor to report, as part of the annual audit of the financial report, 'any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices of the local government'.

A performance audit of adverse financial trends would typically consider numerous aspects of an entity's finances, and inter-relationships between financial ratios. However, for purposes of the annual financial audit process, and meeting the requirement of the regulation, we have limited our audit to a high level assessment of whether the 7 financial ratios reported in the financial report achieved the standards set by the DLGSC. When

determining whether a trend was significant and adverse, in some instances we allowed for a ratio to be slightly lower than the DLGSC's standard, in recognition that failing to meet some standards is more noteworthy than failing to meet others.

Entities report these ratios for the current year and the preceding 2 years. Our trend analysis is therefore limited to these 3 years of information. We reported that 106 ratios at 72 entities indicated adverse trends.

Most of the ratios are useful indicators. However, we note that DLGSC is reviewing the ratios. We support the intent to simplify this reporting, as some ratios are more robust than others. For example, the definition of 'current ratio' in the regulations excludes restricted assets and liabilities associated with restricted assets. This means that the ratio is directly affected by the amount of funds that management and council decide to transfer to and hold in reserves. This appears to render the ratio more complex than common business practice and may make it more difficult to compare different entities. Also, reporting the operating surplus ratio may be unnecessary as users of the financial report can get similar information about any deficit from the Statement of Comprehensive Income.

Financial management controls

In addition to the material non-compliance matters reported in our auditor's reports (see Table 1 on pages 12 to 14), we reported other matters to management, including less material non-compliance as well as financial management and information system control weaknesses identified in our audits. These management letters, together with the auditor's report, form part of the overall audit report that we provide under section 7.12AD of the LG Act to the mayor, president or chairperson, the CEO and the Minister for Local Government on completion of the audit.

In our management letters, we provide a rating for each matter reported. We rate matters according to their potential impact, and base our ratings on the audit team's assessment of risks and concerns about the probability and/or consequence of adverse outcomes if action is not taken. We consider the:

- quantitative impact – for example, financial loss from error or fraud
- qualitative impact – for example, inefficiency, non-compliance, poor service to the public or loss of public confidence.

Risk category	Audit impact
Significant	Finding is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.
Moderate	Finding is of sufficient concern to warrant action being taken by the entity as soon as practicable.
Minor	Finding that is not of primary concern, but still warrants action being taken.

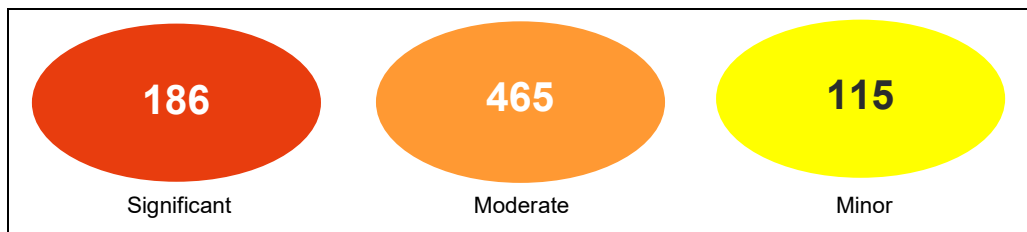
Source: OAG

Table 2: Risk categories for matters reported to management

We give management the opportunity to review our audit findings and provide us comments prior to completion of the audit. When management responds to our draft management letter, we request they set a time frame for remedial action to be completed. Often management improves policies, procedures or practices soon after we raise them and before the audit is completed. Other matters may take longer to remedy and we will follow them up during our subsequent annual audits.

Of the 290 control weaknesses we reported at 40 entities in our report 15: March 2019, 251 recommendations had been addressed or substantially addressed for 2018-19.

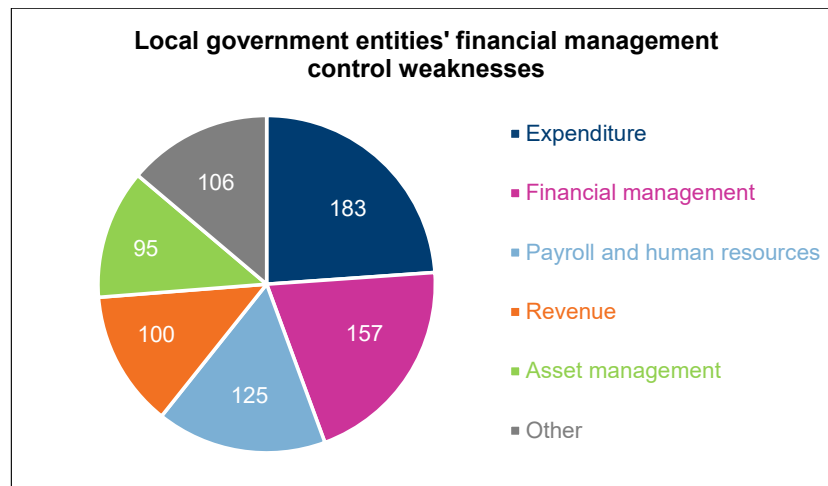
During 2018-19, we alerted 104 entities to control weaknesses that needed their attention. We reported 766 control weaknesses across the 3 risk categories as follows:



Source: OAG

Figure 1: Number of control weaknesses reported to management in each risk category

The 766 control weaknesses identified in our 2018-19 management letters are presented in their different financial management control categories in Figure 2. The control weaknesses relating to expenditure, financial management, payroll and human resources and revenue accounted for 565 or 74% of the control weaknesses reported.



Source: OAG

Figure 2: Financial management control weaknesses reported to entities

Examples of the weaknesses are reported below. We recommend that entities take timely action to improve their current practices and procedures to strengthen the accountability and integrity of their financial reporting and also comply with their legislated requirements.

Expenditure

- Quotes were not obtained as required by entities' policy guidelines. This increases the risk of favouring specific suppliers and/or not obtaining value for money. There were also instances where evidence of quotes was not retained for items purchased.
- Purchase orders were raised after the goods had been supplied and often after the suppliers' invoices had been received. At a few entities, a number of purchases were not supported by appropriately approved purchase orders. This increases the risk of inappropriate purchases.
- Supplier masterfile changes were not supported or not independently reviewed to confirm checking for related party interests, authorisation, completeness and accuracy. This increases the risk of fraud.
- Purchasing card expenditures by cardholders were not undertaken and acquitted in accordance with the approved policies and procedures.
- Supporting documentation for payments was incomplete, not authorised by an appropriately authorised or delegated officer or incorrectly cost coded.

Financial management

- Journal entries were made without supporting documentation or were not reviewed by an independent officer. These can represent significant adjustments to previously approved accounting transactions, and unauthorised journals could result in errors in financial reports, or fraud. They should therefore be clearly explained and subject to independent review.

- Bank reconciliations were not routinely prepared on a monthly basis or were not reviewed by a second officer. The bank reconciliation is a key control. If not performed regularly and independently reviewed, there is a risk of erroneous or unusual (including fraudulent) reconciling items not being detected and investigated in a timely manner.
- User password access to financial management, payroll and human resources systems was not restricted to appropriate staff. Monitoring of access privileges was not completed by a senior staff member on a regular basis.
- Daily cash summaries were usually prepared at the cash collection point but often were not reviewed and signed by a second officer to verify that all money received was recorded and submitted for banking. This increases the risk of theft.

Payroll and human resources

- Commencement and termination processes were not completed promptly to ensure timely and accurate processing and payment of staff.
- Employee masterfile changes were not always supported by related records. This is contrary to good recordkeeping practices, and makes verification of transactions more time consuming. Some masterfile changes were also not reviewed for accuracy and completeness, increasing the risk of payroll errors or fraud.
- Some employees were not taking annual and long service leave entitlements and therefore accumulating excessive leave balances. Infrequent taking of leave and associated rotation of staff roles, increases the likelihood of any frauds remaining undetected.
- Payroll reports were not reviewed by cost centre or business managers, increasing the risk of errors or fraud passing undetected.

Revenue

- No evidence was available that rates and charges were checked before ratepayers were billed.
- Daily receipts listings were prepared by 1 person, often unsigned, and in many instances there was no evidence of review by a second officer.
- Trust funds were not banked separately or interest was incorrectly recorded and treated (refer page 22).

Recommendations

Local government entities should ensure they maintain the integrity of their financial control environment by:

- a. periodically reviewing and updating all financial, asset, human resources, governance, information systems and other management policies and procedures and communicating these to staff
- b. conducting ongoing reviews and improvement of internal control systems in response to regular risk assessments
- c. regularly monitoring compliance with relevant legislation
- d. promptly addressing control weaknesses brought to their attention by our audits, and other audit and review mechanisms.

Information system controls

Information systems (IS) underpin most aspects of government operations and services. It is important that entities implement appropriate controls to maintain reliable, secure and resilient information systems.

Audits of general computer controls help to support our financial audits, and are a major part of the IS audit work we undertake. These audits provide insights about the extent to which entities' IS controls support reliable and secure processing of financial information. In 2019, we performed IS audits at 9 metropolitan and 1 regional local government entities.

We identified 125 IS control weaknesses across 9 entities where our IS audits have been completed. We rated 10% of the weaknesses as significant, 76% as moderate, and the remainder as minor.

Of the weaknesses identified:

- 49% related to information security issues. These included system and network vulnerabilities and unauthorised and inappropriate access to systems and networks
- 30% related to information technology (IT) operations issues. In particular, poor controls over the processing and handling of information, inadequate monitoring and logging of user activity, and lack of review of user access privileges
- 8% related to business continuity. For example, inadequate disaster recovery and business continuity plans
- 13% related to inappropriate IT risk management, poor environmental controls for the server room, and a lack of change management controls.

In addition to these findings, our financial audit teams also identified 77 IS control issues at 29 entities during the financial audits. Our IS team did not perform general computer controls audit at these entities.

As these issues have the potential to compromise the confidentiality, integrity and availability of key computer systems, and the information they contain, entities should take prompt corrective action to address them.

More information on these IS audit results will be included in our first IS audit report of local government entities which is expected to be tabled in the second quarter of 2020.

Specific financial reporting issues arising from 2018-19 audits

Financial reporting of non-current assets

Quality of valuation documentation

For the 66 entities that we audited for the first time in 2018-19, we reviewed opening balances, as required by Australian Auditing Standards. As part of our review, we considered the reliability of re-valuations of infrastructure and of property that occurred in 2017-18 (the comparative reported amounts). Several of these asset balances had experienced significant increases or decreases in 2017-18.

We experienced some difficulty in obtaining explanations for these large differences in value. We expected that valuers' reports and internal records would have clearly documented the main reasons for such large changes in value. In several instances, management and our audit teams concluded that the large changes were because the previous valuations, generally performed between 2013 and 2015, were less robust. We were able to confirm that most of the assets revalued in 2018 and 2019 were now reported at amounts that materially represented fair value. However, some required adjustments which were made during the audit process, (refer to page 24).

Inconsistent valuation methods

As reported in our Report 15: March 2019, our 2017-18 financial audits noted that a variety of valuation methodologies were used for property and infrastructure in the WA local government sector. We continue to have concerns about the inconsistencies of valuation methods.

Different valuers are applying different interpretations of some principles of the Australian Accounting Standards, in particular those relating to restricted use assets, resulting in significant differences in values across entities. This impacts comparability of the assets of local governments. Both the Australian Accounting Standards Board (AASB) and the International Public Sector Accounting Standards Board (IPSASB) currently have projects under way relating to fair value of public sector assets.

Most entities revalued these assets in 2017 or 2018 and, in accordance with LG Financial Management Regulation 17A(4), their next valuations are not imminent. It is therefore anticipated that the accounting standards boards will by then provide guidance that could be consistently and efficiently applied when these assets next require a valuation.

Recommendations

1. Entities should ensure that reports from their valuers clearly explain key aspects of the valuations, and that management has a comprehensive understanding of the reports.
2. Entities and DLGSC should monitor the progress of the AASB and IPSASB public sector fair value projects relating to the valuation of assets.

Significant changes in estimated useful lives of assets, and associated depreciation rates

At some entities, we noted significant changes in the amount of depreciation expense recognised in 2019 compared to 2018. To confirm the validity of the mostly lower depreciation, we made further audit inquiries. We established that the entities' valuers had, while performing the 5-yearly re-valuations, recommended revised remaining useful lives for the assets. After further consideration, we were able to confirm that the estimates were reasonable and that depreciation expense for 2019 was appropriate.

However, as depreciation expense is dependent on the estimated useful life of assets, it is of concern that:

- in most instances, there was no evidence that management had assessed the remaining useful life of assets over the intervening period since the last valuation. AASB 116 - *Property, Plant and Equipment* states 'the useful life of an asset shall be reviewed at least at each financial year-end'. If the useful lives of assets had been reviewed by management annually as required by AASB 116, the large one-off adjustments to depreciation expense that we observed in 2019, could have been avoided at those entities.
- a depreciable asset has to be depreciated over its useful life. AASB 116 defines useful life as 'the period over which an asset is expected to be available for use by an entity'. It is therefore essential that entity management considers whether the valuer's estimate of useful life matches management's expectation of how long the asset will be used by the entity. There was however no evidence that management had discussed the valuers' useful life estimates or taken into account management's expectation of how long the entity expected to continue using the assets.

Recommendation

Management should annually review the estimated useful lives of assets used for calculating depreciation, if necessary in consultation with their valuers or other experts. In addition, for greater consistency across entities, DLGSC should review its guidance regarding potential ranges for useful lives of assets, and entities should consider the guidance when doing their annual reviews.

Expensing assets with a value at acquisition under \$5,000

Regulation 17A(5) of the LG Financial Management Regulations required, with effect from 2018-19, assets with a value below \$5,000 at the time of acquisition, to be excluded from the assets reported in the financial report. This is consistent with the State sector and also reduces financial administration costs. These assets will instead be reported as an expense in the Statement of Comprehensive Income in the year of acquisition.

The vast majority of entities successfully implemented this change.

Accounting for bond monies

During the 2017-18 annual financial audits and the planning phase of the 2018-19 audits, we noted significant variation in the accounting treatment for bond moneys, such as work bonds, building bonds and hire bonds. This included:

- Some entities held bond moneys in the Municipal Fund and therefore retained any interest income on those moneys.
- A small number of entities held bond moneys in the Trust Fund and, in accordance with section 6.9(3)(a) of the LG Act, repaid interest together with the principal amount to the developer/hirer.
- Some entities held bond moneys in the Trust Fund but retained any interest earnings as revenue of the entity.
- Some entities held bond moneys in the Trust Fund, and in a non-interest bearing bank account.

Section 6.9(1) of the LG Act states:

A local government is to hold in the trust fund all money or the value of assets —

*(a) that are required by this Act or any other written law to be credited to that fund;
and*

(b) held by the local government in trust.

Section 6.9(3)(a) states:

Where money or other property is held in the trust fund, the local government is to —

(a) in the case of money, pay it to the person entitled to it together with, if the money has been invested, any interest earned from that investment.

To help achieve an appropriate, consistent accounting approach, we carefully considered the matter and sought independent legal advice. We concluded that:

- there are no provisions in the Act or any other written law that specify that work bonds, building bonds and hire bonds are to be credited to, or held in, the Trust Fund, and
- unless agreements between developers/hirers and the local government entity require bond moneys to be held in the Trust Fund, they should not be held in the Trust Fund.

On 1 July 2019, we issued our local government position paper number 1 '*Accounting for work bonds, building bonds and hire bonds*'. While some entities were already appropriately accounting for these monies, the vast majority of other entities have now also followed this guidance. Apart from achieving consistent reporting, other outcomes included:

- the monies are now held in the Municipal Fund and are therefore included in the Statement of Financial Position
- entities that previously held the monies in non-interest bearing bank accounts, can now earn and retain interest on these monies for the benefit of the community
- although our position paper mainly addressed bond monies, entities have also applied the principles of the position paper to more consistently identify whether other monies should continue to be held in the Trust Fund or in the Municipal Fund. Importantly, monies that are required to be held in the Trust Fund will continue to be subject to the additional provisions of relevant sections of the LG Act.

Recommendation

Entities who have not yet done so, should implement the recommendations of our local government position paper number 1 '*Accounting for work bonds, building bonds and hire bonds*'. This is available on our website.

Related party disclosures

Australian Accounting Standard AASB 124 – *Related Party Disclosures* requires not-for-profit public sector entities to disclose material transactions with related parties in the notes to the annual financial report. This is important to help identify known or unknown extraction of value from an entity, as well as potential bias in procurement, recruitment or other operational activities. The objective of the standard is to draw attention to the possibility that the financial position and profit or loss may have been affected by related party transactions, or by outstanding balances with related parties. Open disclosure of any related parties and related party transactions by councillors and other key management personnel (KMP) helps financial statement preparers and CEOs to report transparently.

Under AASB 124, related parties in a public sector context include councillors and other KMP of the reporting entity, their close family members, and entities controlled or jointly controlled by any of them.

Citizen transactions, where KMP or their close family members or their related entities are interacting with a public sector entity under the same terms and conditions as a public citizen, are not required to be disclosed. Examples include motor vehicle registration, rates, electricity or water charges.

To assist accounting staff and the CEO when preparing the annual financial report, entities generally require councillors and KMP to complete a declaration regarding their related parties and any related party transactions they may have had with the entity.

There is some overlap between the conflict of interest declarations made by councillors under the LG Act and the disclosures required for purposes of AASB 124. However, it was of significant concern that at 13 entities, related party declarations to address the requirements of AASB 124 were not made by some councillors and/or KMP. Three entities currently do not have a related party declarations policy in place and at some entities there were several councillors or KMP failing to complete declarations. Our annual financial audit process cannot identify all undeclared related parties or instances of payments to those parties. Therefore, it is important entities have strong frameworks in place with rigorous safeguards for disclosure of private interests and related parties in order to support and demonstrate probity in decision-making.

Recommendation

DLGSC should consider extending existing declaration processes to include annual related party declarations for councillors and key management personnel that assist compliance with AASB 124 and that are fit-for-purpose to the local government environment.

Quality of financial reports submitted for audit

The quality of financial reports submitted for audit varied significantly across entities, from good to very poor, including some that did not balance. Our audits also noted that various entities were often accounting differently for the same accounting transactions, balances or disclosures.

We identified numerous errors that were corrected by the entities during the audit process. In addition, 29 of the 106 entities had errors made in prior reporting periods that required correction in 2018-19. Some of these were identified by entity management while others were identified by our audit teams. These prior period errors included:

- property assets not previously recognised
- property assets incorrectly recognised as being controlled by the entity
- asset valuations not correctly taken up in the financial report
- asset valuations not comprehensive
- entities' share in Local Government House, which they had not previously recognised in their financial reports
- entities' investment in regional councils not consistently accounted for
- share of joint ventures overstated.

In most entities a more robust quality review process needs to be implemented to ensure that their financial reports are complete and accurate and the working papers adequately support the figures in their financial reports.

To ensure timely and accurate financial reports it is important that management in each reporting entity keeps proper accounts and records. Management should undertake various best practice initiatives throughout the financial year and after year end to improve the quality of their financial reporting.

At the beginning of the financial year, entities should confirm the accounting policies to be applied for the ensuing year.

Before year end, entities need to:

- prepare a project plan of human and financial resources, assign responsibilities for tasks and set time frames for financial reporting
- avoid receiving asset valuations late in the financial year or after year end and ensure that management reviews the valuations before they are included in the financial reports
- identify and review changes to accounting standards and reporting requirements and confirm the approach to any changes with the auditors.

After year end:

- analyse variations between actual and budget as well as previous year results to identify and correct omissions and/or errors
- ensure the draft financial report has received an internal quality assurance review, preferably by internal audit or other suitably qualified professionals.

There is also an opportunity to improve the quality of financial reports and achieve greater reporting consistency across entities, through a helpdesk provided by DLGSC. This would be similar to the service provided by Department of Treasury to the State government sector.

Recommendations

1. Local government entities should, where necessary, seek advice in advance of year end if uncertain about appropriate accounting treatments.
2. To improve the quality of financial reports and achieve greater consistency across entities, DLGSC should consider providing an accounting advice helpdesk to the local government sector.

Opportunities to improve the efficiency of financial reporting, and the effectiveness of internal audit

Our annual financial audits focus on providing assurance over an entity's annual financial report. During the audit we also make related recommendations in respect of compliance, financial management and information system controls, as reported above.

This section of the report includes other opportunities that may contribute to savings in financial reporting costs, and improved governance. It is important to note that while some of these issues may relate to all entities, others may only be applicable to some.

Reduced disclosure reporting by local government entities

As noted on page 8, the quantity of detail that is being reported in the annual financial reports of WA local government entities is onerous and exceeds that reported by most WA State government entities. WA entities also include several disclosures that are not common practice in other states. This contributes to the cost of, and delays in preparing annual financial reports, and to audit costs.

The AASB has a project to revisit the financial reporting framework for public sector entities, which may reduce the reporting burden on local government. Currently the accounting standards do not provide local government entities as much opportunity to reduce financial report disclosures as State government entities.

However, opportunities already exist to reduce the amount of detail in local government financial reports without impacting their usefulness and understandability for users. Wherever it does not impair usefulness, accountability and transparency, we encourage efforts to streamline financial framework obligations, particularly for small and medium sized entities.

Recommendation

DLGSC should re-assess the amount of detail required to be included in annual financial reports, in particular for small and medium sized entities.

The cost and benefit of performing valuations of non-current assets

The cost of periodically revaluing infrastructure and property, plant and equipment assets can be significant. For some smaller entities, the benefits of valuations for the entity and for users of the annual financial report may not always justify the cost.

AASB 116 – *Property, Plant and Equipment* requires entities to choose to measure property, plant and equipment, including infrastructure, using either a re-valuation model (at fair value) or a cost model. WA local government entities are required however, by Regulation 17A of the LG Financial Management Regulations, to choose the fair value method, which requires periodic re-valuations.

WA State government entities are required to perform periodic re-valuations because their financial results are consolidated into the Annual Report on State Finances at fair value. This is not applicable to local government entities, as they are not consolidated into State financial reports.

The opportunity therefore exists to allow some local government entities, particularly smaller entities where re-valuation costs can take up a significant portion of rates income, to make savings by not re-valuing all assets. For example, plant and equipment could be reported at

cost less accumulated depreciation. This would be consistent with the State government sector, and would save costs without reducing the amount of useful information for users of the annual financial report.

Recommendation

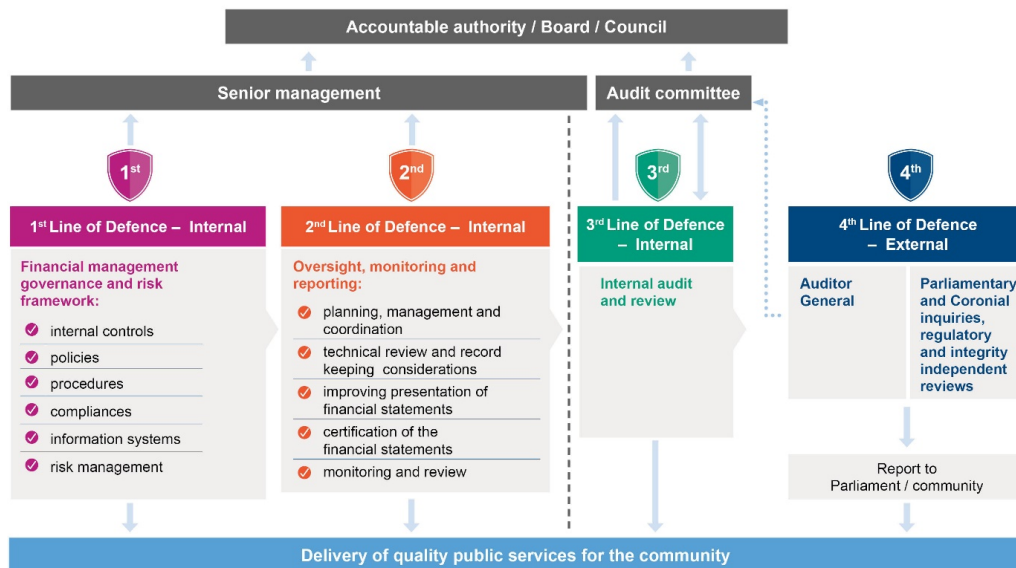
DLGSC should re-assess the potential advantages and disadvantages if smaller local government entities reported some asset classes using the cost model, rather than periodically re-valuing these assets.

Internal audit

In our report number 15: March 2019, which reported on our 2017-18 financial audits of the sector, we noted that only 11 of the 42 entities we surveyed had an internal audit function. Although we did not do a formal survey this year, overall this low implementation of internal audit continued.

An effective internal audit function is important for ongoing maintenance and improvement of risk management, internal control overseen by an effective audit committee, and governance processes. The internal audit function acts as the independent eyes and ears for council on administration and controls in key areas of risk.

As shown in the 4 lines of defence model below, internal audit is a key component of the defence against fraud, including misrepresentation. Although an entity's financial management governance and risk framework, and management oversight and monitoring are the initial lines of defence against fraud or error, internal audit is also a crucial component.



Source: OAG

Figure 3: Four lines of defence model

We recognise the challenges for some regional entities in particular to maintain an effective, independent internal audit function. A shared internal audit service, should be considered for

voluntary use by the local government sector. We propose to cover this topic further in future performance audits.

Recommendation

DLGSC should consider facilitating a shared internal audit service for the local government sector, as a service available to small and medium entities who do not have their own internal audit function.

Disclosure of audit communications

We have noted that, historically, sometimes details in audit management letters have included the names of suppliers. The reports have also sometimes included the names or system logon-ids of local government staff. These findings, reported in accordance with regulation 10(4) of the LG Audit Regulations, form part of our report under section 7.12AD of the LG Act to the CEO, mayor/president and the Minister.

Although the CEO is required to include our auditor's report on the annual financial report in the entity's annual report, there is no legislative requirement for entities to publish our management letters. They are however sometimes made public as part of the proceedings of council meetings.

As this personal/security information could potentially be misused if made public, we have adopted a practice of omitting or redacting a limited amount of this sensitive information from our management letters. We also encourage entities, when providing management comments for inclusion in our management letters, to apply these principles. It is our view that this provides an appropriate balance between transparent reporting and security of information, in the event that an entity decides to make our management letters public.

Upcoming changes to accounting standards and the local government regulations

A number of significant changes to Australian Accounting Standards will be applicable over the next few years, some commencing for local government entities in 2019-20. These, and a change to the LG Financial Management Regulations, are expected to require close attention by entities' finance officers and our audit teams.

Future impact of changes to accounting standards

The following new and revised standards issued by the AASB are expected to impact local government entities to varying extent:

- **AASB 15 – Revenue from Contracts with Customers** – This standard requires revenue to be recognised by entities on the fulfilment of the performance obligations of an enforceable contract at a point in time or over time, as applicable. An example is receiving grant moneys. Entities need to allocate the grant amount to each performance obligation in the contract and recognise the revenue only when the related performance obligations are satisfied. This will be consistent with current practice for the private sector.
- **AASB 1058 – Income of Not-for-profit Entities** – This standard, in combination with AASB 15, establishes new principles for income recognition for not-for-profit entities from 1 January 2019 reporting and will therefore apply to entities for the 2019-20 reporting year. AASB 1058 applies to transactions where assets are acquired at significantly less than fair value, including rates and grant moneys. It is anticipated that the implementation of these 2 standards will result in more delayed income recognition.
- **AASB 16 – Leases** – For lessees, this standard removes the distinction between operating leases and finance leases, and requires all leases (except short-term leases and leases of low-value assets) to be recognised as lease assets and lease liabilities on the balance sheet. This will result in the grossing-up of the balance sheet and higher expense in the early years of the lease term. This standard applies from 1 January 2019 and will therefore apply to local government entities for the 2019-20 reporting year.
- **AASB 1059 – Service Concession Arrangements: Grantors** – This standard is applicable to public sector entities (grantors) that enter into service concession arrangements with operators (generally from the private sector). It requires grantors to recognise a service concession asset and, where applicable, a service concession liability on the balance sheet. The initial balance sheet accounting, as well as the ongoing income statement impacts, will have implications for grantors. AASB 1059 will apply for years beginning on or after 1 January 2020 and will apply to local government entities for the 2020-21 reporting year.

We acknowledge that there are varying degrees of readiness and preparation for these new accounting standards. We are preparing and training financial audit staff in the new and revised requirements and updating relevant audit policies and procedures.

Recommendation

To facilitate timely preparation of annual financial reports, and to minimise the additional audit costs associated with Australian Accounting Standards on revenue, income and leases, AASB 15, AASB 1058 and AASB 16, entities should complete complete preparations for those new standards by 30 June 2020.

Financial performance of local government entities

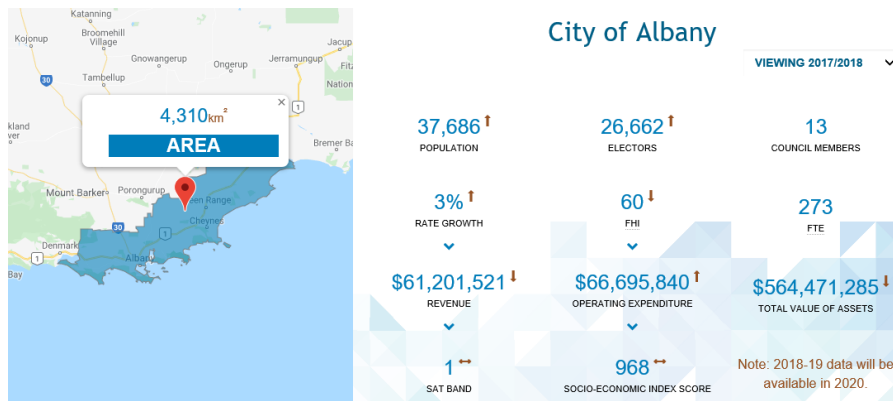
The Amendment Act requires that each entity’s annual report, including the audited financial report, be available on the entity’s website within 14 days of the annual report being accepted by the local government council.

A central source of financial information and ratios for each entity is the MyCouncil website. This website is maintained by the DLGSC and includes information, including audited financial data, about each entity.

DLGSC uses audited financial information for MyCouncil, however we do not check the website for the accuracy of information and do not propose to report similar financial information in our Audit Results Report.

The information on the MyCouncil website can be viewed in tables or graphically for a number of years for each entity. The website also enables readers to compare aspects of the financial operations of different entities in Western Australia over a number of years.

As an example, the first entity on the site is City of Albany. Some examples of the information available on the MyCouncil website for the City of Albany are show below:



Source: DLGSC’s MyCouncil Website

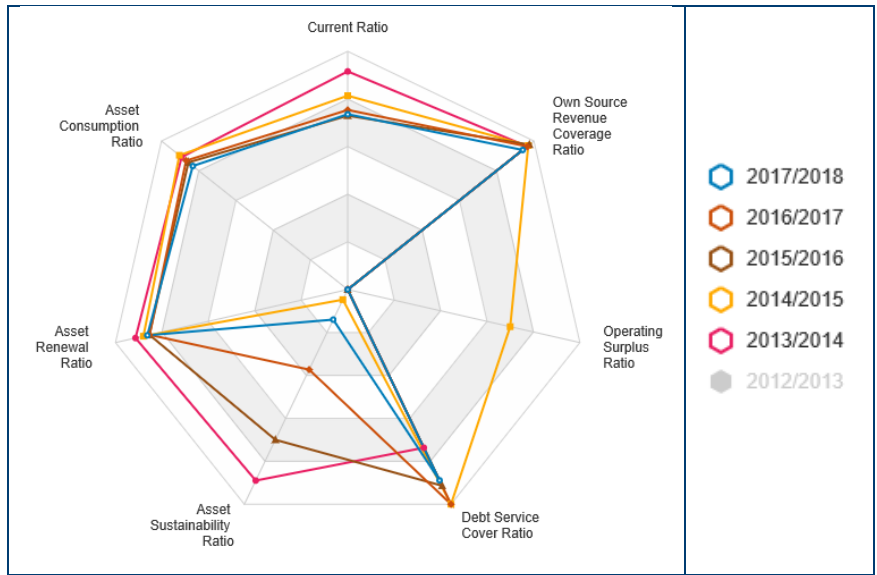
Figure 4: City of Albany, example of local government entity information on MyCouncil website

Financial Year	This council	Current Score	Asset Consumption Score	Asset Renewal Score	Asset Sustainability Score	Debt Service Cover Score	Operating Surplus Score	Own Source Revenue Coverage Score
2012/2013	90.0	10.0	7.5	8.8	7.0	10.0	7.9	10.0
2013/2014	69.0	9.2	8.9	9.1	8.9	7.4	0.0	9.6
2014/2015	79.0	8.1	9.0	8.8	0.5	10.0	7.0	9.7
2015/2016	65.0	7.3	8.6	8.5	7.0	9.1	0.0	9.8
2016/2017	65.0	7.5	8.7	8.5	3.7	10.0	0.0	9.6
2017/2018	60.0	7.4	8.3	8.6	1.4	8.9	0.0	9.4

Source: DLGSC’s MyCouncil Website

Figure 5: Table of financial health indicator scores for City of Albany

Explanations of indicators are available on the MyCouncil website



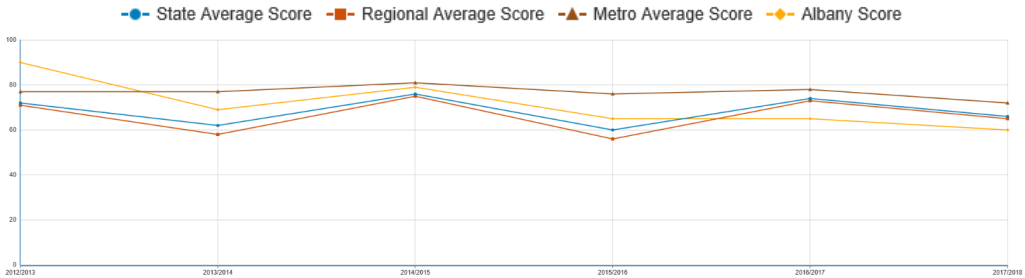
Source: DLGSC's MyCouncil Website

Figure 6: Graph of financial health indicator scores for City of Albany

Financial Health Indicator Comparisons

This graph provides a comparison of Financial Health Indicator results.

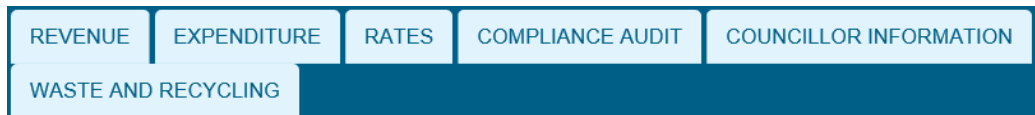
DATA SOURCE: Calculation from financial ratios published in the local government's Annual Financial Report



Source: DLGSC's MyCouncil Website

Figure 7: Comparison of City of Albany to State average, regional average and metropolitan average

Further tabs, see below, can be used to access other information for each local government entity. However, readers of the DLGSC's MyCouncil website need to be aware that not all information for each entity is audited information.



Source: DLGSC's MyCouncil Website

Figure 8: Other MyCouncil tabs to access further information for each local government entity

Appendix 1: Local government entities audited by OAG

We completed 106 of the 112 audits for 2018-19 by 3 March 2020. The auditor's reports issued are listed by entity in alphabetical order in the table below.

Local government	Opinion issued
Bunbury-Harvey Regional Council	29/11/2019
City of Albany	12/11/2019
City of Bayswater	27/11/2019
City of Belmont	06/11/2019
City of Bunbury	08/11/2019
City of Busselton	29/10/2019
City of Canning	29/11/2019
City of Cockburn	13/12/2019
City of Fremantle	09/12/2019
City of Gosnells	26/11/2019
City of Greater Geraldton	29/10/2019
City of Joondalup	05/11/2019
City of Kalamunda	13/11/2019
City of Kalgoorlie - Boulder	19/12/2019
City of Karratha	17/02/2020
City of Kwinana	29/11/2019
City of Melville	04/12/2019
City of Nedlands	15/11/2019
City of Perth	02/12/2019
City of Rockingham	14/11/2019
City of South Perth	21/11/2019
City of Stirling	03/10/2019
City of Subiaco	15/11/2019
City of Swan	05/11/2019
City of Vincent	29/11/2019
City of Wanneroo	22/11/2019
Eastern Metropolitan Regional Council	25/11/2019
Murchison Regional Vermin Council	20/12/2019
Pilbara Regional Council	Not finalised
Rivers Regional Council	07/11/2019
Shire of Ashburton	20/12/2019
Shire of Boddington	11/12/2019
Shire of Boyup Brook	27/11/2019

Local government	Opinion issued
Shire of Bridgetown-Greenbushes	22/11/2019
Shire of Brookton	16/12/2019
Shire of Broome	09/10/2019
Shire of Bruce Rock	18/02/2020
Shire of Capel	27/11/2019
Shire of Carnamah	26/11/2019
Shire of Christmas Island	30/10/2019
Shire of Cocos (Keeling) Islands	19/11/2019
Shire of Coorow	05/12/2019
Shire of Corrigin	18/12/2019
Shire of Cranbrook	11/12/2019
Shire of Cuballing	Not finalised
Shire of Cue	12/12/2019
Shire of Cunderdin	10/12/2019
Shire of Dalwallinu	29/11/2019
Shire of Dandaragan	22/10/2019
Shire of Denmark	05/12/2019
Shire of Derby-West Kimberley	12/12/2019
Shire of Donnybrook-Balingup	11/02/2020
Shire of Dowerin	19/12/2019
Shire of Dundas	18/10/2019
Shire of Exmouth	21/11/2019
Shire of Gnowangerup	02/12/2019
Shire of Goomalling	20/02/2020
Shire of Halls Creek	10/12/2019
Shire of Irwin	15/10/2019
Shire of Jerramungup	11/12/2019
Shire of Katanning	16/12/2019
Shire of Kellerberrin	22/11/2019
Shire of Kojonup	Not finalised
Shire of Kondinin	16/12/2019
Shire of Koorda	30/10/2019
Shire of Kulin	Not finalised
Shire of Lake Grace	30/11/2019
Shire of Laverton	Not finalised
Shire of Meekatharra	13/12/2019
Shire of Menzies	19/12/2019
Shire of Merredin	15/10/2019

Local government	Opinion issued
Shire of Mingenew	24/11/2019
Shire of Moora	18/12/2019
Shire of Morawa	13/12/2019
Shire of Mount Magnet	12/12/2019
Shire of Mukinbudin	05/12/2019
Shire of Mundaring	29/11/2019
Shire of Murchison	27/02/2020
Shire of Nannup	11/12/2019
Shire of Narrogin	28/11/2019
Shire of Northam	05/12/2019
Shire of Northampton	10/12/2019
Shire of Nungarin	11/12/2019
Shire of Peppermint Grove	13/12/2019
Shire of Perenjori	11/02/2020
Shire of Pingelly	25/11/2019
Shire of Ravensthorpe	11/12/2019
Shire of Sandstone	19/12/2019
Shire of Serpentine-Jarrahdale	18/11/2019
Shire of Tammin	12/12/2019
Shire of Three Springs	04/12/2019
Shire of Upper Gascoyne	27/11/2019
Shire of Victoria Plains	17/12/2019
Shire of Wagin	11/02/2020
Shire of West Arthur	05/12/2019
Shire of Westonia	12/12/2019
Shire of Wickepin	18/12/2019
Shire of Williams	13/11/2019
Shire of Wiluna	Not finalised
Shire of Woodanilling	18/12/2019
Shire of Wyalkatchem	14/02/2020
Shire of Yalgoo	31/01/2020
Shire of York	09/12/2019
South Metropolitan Regional Council	04/12/2019
Town of Bassendean	29/11/2019
Town of Cambridge	10/12/2019
Town of Claremont	06/12/2019
Town of Cottesloe	09/12/2019
Town of East Fremantle	13/12/2019

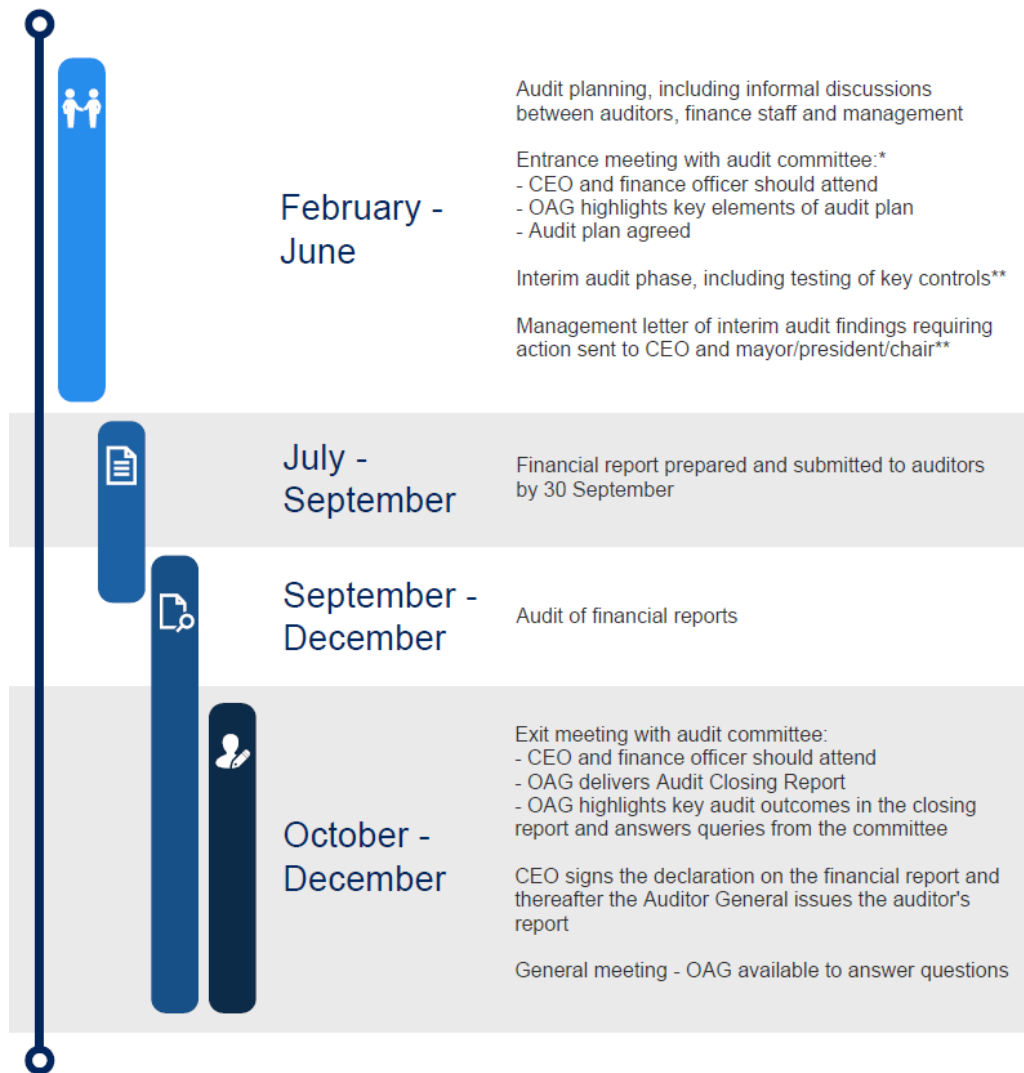
Local government	Opinion issued
Town of Mosman Park	21/11/2019
Town of Victoria Park	06/02/2020
Western Metropolitan Regional Council	06/12/2019

Appendix 2: Local government entities' certifications issued

In addition to annual auditor's reports, some entities needed to acquit moneys received from other sources under grant agreements or other legislation. We issued the following 16 certifications on statements of income and expenditure of entities, to help them discharge their financial reporting obligations, some being for Commonwealth grants.

Local government certifications	Certifications issued
Claims by administrative authorities – Pensioner deferments under the <i>Rates and Charges (Rebates and Deferments) Act 1992</i>	
City of Belmont	31/10/2019
City of Joondalup	21/10/2019
City of Kalamunda	06/12/2019
City of South Perth	28/10/2019
Shire of Brookton	19/12/2019
Shire of Dandaragan	01/11/2019
Town of Cambridge	10/12/2019
Roads to Recovery Funding under the <i>National Land Transport Act 2014</i>	
City of Joondalup	25/10/2019
City of Kalamunda	28/10/2019
City of South Perth	28/10/2019
Shire of Dandaragan	30/10/2019
Town of East Fremantle	31/10/2019
Other certifications	
City of Joondalup – Department of Fire and Emergency Services Mitigation Activity Fund Emergency Services Levy Funding	17/07/2019
City of Kalamunda – Development Contribution Area 1 – Forrestfield Light Industrial Area – Stage 1	06/12/2019
Shire of Dandaragan – Bushfire Risk Management Plan	04/11/2019
Shire of Dandaragan – Jurien Bay Civic Centre Outgoings for Department of Biodiversity, Conservation and Attractions Tenancy	04/11/2019

Appendix 3: Timeline of communications between auditors, management and council members



Source: OAG

Notes

Meetings with some remote local government entities are conducted by teleconference due to cost and logistical reasons.

** If it is not practicable for the audit committee to meet for an audit entrance meeting, we suggest at least one councillor attends the entrance meeting.*

*** For small regional entities, there may not be an interim audit visit. This work is usually completed at the same time as the audit of the financial report, and findings are reported at that time. The extent and proposed timing of interim work will be outlined in the audit plan.*

Glossary and acronyms

AASB	Australian Accounting Standards Board
AG Act	<i>Auditor General Act 2006</i>
Amendment Act	<i>Local Government Amendment (Auditing) Act 2017</i>
Auditor's report	The Auditor General's auditor's report that is published in the local government's annual report by the CEO, in accordance with section 5.55A of the LG Act. This includes the audit opinion. It may also include any instances of material non-compliance that we identified.
Audit report	The overall report under section 7.12AD of the LG Act, formally issued to the Mayor, President or Chairperson, the CEO and the Minister for Local Government on completion of the audit, including the Auditor's Report and the management letter(s).
CEO	Chief Executive Officer
Clear opinion (or unqualified opinion)	Auditor General's opinion expressed when an annual financial audit concludes that in all material respects the financial report is presented fairly in accordance with the LG Act and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.
Contract audit	Audit of a local government undertaken by an appropriately qualified individual or firm, on behalf of the Auditor General, appointed under a contract.
DLGSC	Department of Local Government, Sport and Cultural Industries
Emphasis of Matter	A paragraph included in an auditor's report that refers to a matter that is appropriately presented or disclosed in the financial report but which, in the auditor's judgment, is of such importance that it should be emphasised in the auditor's report.
Entity/entities	Western Australian local government cities, towns, shires and regional councils
Financial audit	Work performed to enable an opinion to be expressed regarding a financial report prepared by the party who is accountable for the financial transactions.
IS	Information systems, primarily computerised systems
IT	Information technology
LG Act	<i>Local Government Act 1995</i>
LG Audit Regulations	Local Government (Audit) Regulations 1996
LG Financial Management Regulations	Local Government (Financial Management) Regulations 1996
Management letter	A letter to management of a local government that conveys significant audit findings and results of the audit. On completion of the audit, the management letter forms part of the audit report sent to the CEO, to the Mayor, President or Chairperson, and to the Minister for Local Government.
Materiality	The characteristic based on the size and/or nature of an omission or misstatement of accounting or compliance information that, in the light of context or circumstances, has the potential to adversely affect the economic decisions of users of the information or the discharge of accountability by senior management.
OAG	Office of the Auditor General
Qualified opinion	Auditor General's opinion expressed when an audit identifies aspects of the annual financial report that are likely to be misleading to users, there was material conflict with applicable financial reporting frameworks or a limitation of scope on audit work.
Significance	Relative importance in the circumstances, in relation to audit objectives, of an item, event or information, or problem the auditor identifies.

Auditor General's reports

Report number	2019-20 reports	Date tabled
15	Opinion on Ministerial Notification	28 February 2020
14	Opinion on Ministerial Notification	31 January 2020
13	Fee-setting by the Department of Primary Industries and Regional Development and Western Australia Police Force	4 December 2019
12	Audit Results Report – Annual 2018-19 Financial Audits of State Government Entities	14 November 2019
11	Opinion on Ministerial Notification	30 October 2019
10	Working with Children Checks – Follow-up	23 October 2019
9	An Analysis of the Department of Health's Data Relating to State-Managed Adult Mental Health Services from 2013 to 2017	9 October 2019
8	Opinions on Ministerial Notifications	8 October 2019
7	Opinion on Ministerial Notification	26 September 2019
6	Opinions on Ministerial Notifications	18 September 2019
5	Fraud Prevention in Local Government	15 August 2019
4	Access to State-Managed Adult Mental Health Services	14 August 2019
3	Delivering Western Australia's Ambulance Services – Follow-up Audit	31 July 2019
2	Opinion on Ministerial Notification	26 July 2019
1	Opinions on Ministerial Notifications	19 July 2019

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