



APPENDICES

Item 10

AUDIT & RISK COMMITTEE MEETING

To Be Held

Wednesday, 10th December 2025

Commencing at 2.00pm

At

Shire of Dardanup
ADMINISTRATION CENTRE EATON
1 Council Drive - EATON

This document is available in alternative formats such as:

- ~ Large Print
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RISK ASSESSMENT TOOL

OVERALL RISK EVENT: *Testing of the Business Continuity Plan (BCP)*

RISK THEME PROFILE:

2 - Business and Community Disruption

RISK ASSESSMENT CONTEXT: Strategic

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.
FINANCIAL IMPACT	Indicative pricing of \$10,000 has been received to conduct a test of the Shire's BCP. This expense is not currently budgeted in the 2025-2026 Annual Budget.	Insignificant (1)	Almost Certain (5)	Moderate (5 - 11)	Not required	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Non-compliance with the Audit and Risk Committee's Terms of Reference and specific committee objective to receive a summary report on the testing of the Shire's BCP.	Minor (2)	Likely (4)	Moderate (5 - 11)	Not required	Not required.	Not required.	Not required.
REPUTATIONAL	The Shire's reputation could be negatively impacted for not adhering to objectives prescribed in the Audit and Risk Committee's Terms of Reference.	Minor (2)	Possible (3)	Moderate (5 - 11)	Not required	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.
PROPERTY	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.

SHIRE OF DARDANUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

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The Shire of Dardanup conducts the operations of a local government with the following community vision:

The Shire of Dardanup is a healthy, self-sufficient and sustainable community, that is connected and inclusive, and where our culture and innovation are celebrated.

Principal place of business:
Shire of Dardanup
1 Council Drive
EATON WA 6232

**SHIRE OF DARDANUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

Statement by CEO

The accompanying financial report of the Shire of Dardanup has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2025 and the financial position as at 30 June 2025.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 20th day of November 2025



André Schönfeldt
Chief Executive Officer



(Appendix AAR: 10.2A)

SHIRE OF DARDANUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Actual \$	2025 Budget \$	Restated 2024 Actual \$
Revenue				
Rates	2(a),25	17,260,271	17,146,049	16,132,310
Grants, subsidies and contributions	2(a)	1,873,915	2,377,281	2,333,129
Fees and charges	2(a)	4,656,507	4,188,470	4,244,115
Interest revenue	2(a)	1,206,612	884,598	1,243,081
Other revenue	2(a)	19,602	10,914	15,464
		25,016,907	24,607,312	23,968,099
Expenses				
Employee costs	2(b)	(12,806,181)	(13,107,505)	(11,810,080)
Materials and contracts		(7,835,573)	(8,013,850)	(6,733,044)
Utility charges		(679,238)	(690,724)	(646,659)
Depreciation		(7,183,930)	(6,670,135)	(6,769,912)
Finance costs	2(b)	(496,733)	(523,460)	(417,984)
Insurance		(417,451)	(412,418)	(380,356)
Other expenditure		(451,224)	(434,681)	(537,804)
		(29,870,330)	(29,852,773)	(27,295,839)
		(4,853,423)	(5,245,461)	(3,327,740)
Capital grants, subsidies and contributions	2(a)	940,045	2,920,564	1,998,499
Profit on asset disposals		90,113	730,000	22,418
Loss on asset disposals		(71,415)	0	(2,956)
Fair value adjustments to financial assets at fair value through profit or loss	4(a)	(3,551)	0	1,681
		955,192	3,650,564	2,019,642
Net result for the period		(3,898,231)	(1,594,897)	(1,308,098)
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	0	0	0
Total other comprehensive income for the period	17	0	0	0
Total comprehensive income for the period		(3,898,231)	(1,594,897)	(1,308,098)

This statement is to be read in conjunction with the accompanying notes.



(Appendix AAR: 10.2A)

SHIRE OF DARDANUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	2025	Restated 2024	Restated 1 July 2023
		\$	\$	\$
CURRENT ASSETS				
Cash and cash equivalents	3	20,641,917	18,240,105	29,585,676
Trade and other receivables	5	937,031	1,028,095	715,261
Inventories	6	7,899	40,325	38,783
Other assets	7	213,788	493,460	334,497
TOTAL CURRENT ASSETS		21,800,635	19,801,985	30,674,217
NON-CURRENT ASSETS				
Trade and other receivables	5	175,846	159,549	139,769
Other financial assets	4(a)	79,620	83,171	81,490
Property, plant and equipment	8	62,493,042	62,105,668	50,025,332
Infrastructure	9	209,836,758	213,570,855	216,430,416
Right-of-use assets	11(a)	9,453	91,431	230,739
TOTAL NON-CURRENT ASSETS		272,594,719	276,010,674	266,907,746
TOTAL ASSETS		294,395,354	295,812,659	297,581,963
CURRENT LIABILITIES				
Trade and other payables	12	3,140,871	2,284,044	3,486,035
Contract liabilities	13	1,426,399	934,065	621,264
Capital grant/contributions liabilities	13	236,625	126,198	314,769
Other liabilities	13	3,173	55,206	28,238
Lease liabilities	11(b)	10,196	84,009	141,270
Borrowings	14	595,179	502,125	456,556
Employee related provisions	15	1,730,189	1,627,182	1,664,462
Other provisions	16	173,565	0	0
TOTAL CURRENT LIABILITIES		7,316,197	5,612,829	6,712,594
NON-CURRENT LIABILITIES				
Other liabilities	13	0	0	261,660
Lease liabilities	11(b)	0	11,724	96,117
Borrowings	14	10,302,629	9,297,809	8,299,934
Employee related provisions	15	200,371	220,180	242,262
Other provisions	16	0	195,729	186,910
TOTAL NON-CURRENT LIABILITIES		10,503,000	9,725,442	9,086,883
TOTAL LIABILITIES		17,819,197	15,338,271	15,799,477
NET ASSETS		276,576,157	280,474,388	281,782,486
EQUITY				
Retained surplus		62,839,109	66,851,884	57,780,725
Reserve accounts	28	14,331,304	14,216,760	24,596,016
Revaluation surplus	17	199,405,744	199,405,744	199,405,745
TOTAL EQUITY		276,576,157	280,474,388	281,782,486

This statement is to be read in conjunction with the accompanying notes.



(Appendix AAR: 10.2A)

SHIRE OF DARDANUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025

	Note	Retained surplus \$	Reserve accounts \$	Revaluation surplus \$	Total equity \$
Balance as at 1 July 2023		57,684,519	24,596,016	200,201,571	282,482,106
Correction of error	30	96,207	0	(795,827)	(699,620)
Restated balance at the beginning of the financial year		57,780,726	24,596,016	199,405,744	281,782,486
Comprehensive income for the period					
Net result for the period		(1,308,098)	0	0	(1,308,098)
Other comprehensive income for the period	17	0	0	0	0
Total comprehensive income for the period		(1,308,098)	0	0	(1,308,098)
Transfers from reserve accounts	28	17,726,556	(17,726,556)	0	0
Transfers to reserve accounts	28	(7,347,300)	7,347,300	0	0
Restated balance as at 30 June 2024		66,851,884	14,216,760	199,405,744	280,474,388
Comprehensive income for the period					
Net result for the period		(3,898,231)	0	0	(3,898,231)
Other comprehensive income for the period	17	0	0	0	0
Total comprehensive income for the period		(3,898,231)	0	0	(3,898,231)
Transfers from reserve accounts	28	6,622,518	(6,622,518)	0	0
Transfers to reserve accounts	28	(6,737,062)	6,737,062	0	0
Balance as at 30 June 2025		62,839,109	14,331,304	199,405,744	276,576,157

This statement is to be read in conjunction with the accompanying notes.



SHIRE OF DARDANUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Actual \$	2024 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		17,356,369	16,275,529
Grants, subsidies and contributions		2,410,531	2,209,878
Fees and charges		4,604,474	4,269,133
Interest revenue		1,206,612	1,243,081
Goods and services tax received		141,154	0
Other revenue		19,602	15,464
		25,738,742	24,013,085
Payments			
Employee costs		(12,658,566)	(11,843,147)
Materials and contracts		(6,827,405)	(8,218,661)
Utility charges		(679,238)	(646,659)
Finance costs		(496,733)	(417,984)
Insurance paid		(417,451)	(380,356)
Goods and services tax paid		0	(253,828)
Other expenditure		(474,154)	(528,985)
		(21,553,547)	(22,289,620)
Net cash provided by operating activities		4,185,195	1,723,465
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a)	(3,496,574)	(13,754,309)
Payments for construction of infrastructure	9(a)	(1,377,453)	(2,190,980)
Proceeds from capital grants, subsidies and contributions		940,045	1,861,069
Proceeds from sale of property, plant & equipment		1,120,940	114,684
Net cash (used in) investing activities		(2,813,042)	(13,969,536)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	27(a)	(502,126)	(456,556)
Payments for principal portion of lease liabilities	27(d)	(68,215)	(142,944)
Proceeds from new borrowings	27(a)	1,600,000	1,500,000
Net cash provided by financing activities		1,029,659	900,500
Net increase (decrease) in cash held		2,401,812	(11,345,571)
Cash at beginning of year		18,240,105	29,585,676
Cash and cash equivalents at the end of the year		20,641,917	18,240,105

This statement is to be read in conjunction with the accompanying notes.



(Appendix AAR: 10.2A)

SHIRE OF DARDANUP STATEMENT OF FINANCIAL ACTIVITY FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	25	16,922,394	16,812,163	15,749,930
Rates excluding general rates	25	337,877	333,886	382,380
Grants, subsidies and contributions		1,873,915	2,377,281	2,333,129
Fees and charges		4,656,507	4,188,470	4,244,115
Interest revenue		1,206,612	884,598	1,243,081
Other revenue		19,602	10,914	15,464
Profit on asset disposals		90,113	730,000	22,418
Fair value adjustments to financial assets at fair value through profit or loss	4(a)	0	0	1,681
		25,107,020	25,337,312	23,992,198
Expenditure from operating activities				
Employee costs		(12,806,181)	(13,107,505)	(11,810,080)
Materials and contracts		(7,835,573)	(8,013,850)	(6,733,044)
Utility charges		(679,238)	(690,724)	(646,659)
Depreciation		(7,183,930)	(6,670,135)	(6,769,912)
Finance costs		(496,733)	(523,460)	(417,984)
Insurance		(417,451)	(412,418)	(380,356)
Other expenditure		(451,224)	(434,681)	(537,804)
Loss on asset disposals		(71,415)	0	(2,956)
Fair value adjustments to financial assets at fair value through profit or loss	4(a)	(3,551)	0	0
		(29,945,296)	(29,852,773)	(27,298,795)
Non-cash amounts excluded from operating activities	26(a)	7,048,141	4,869,201	6,265,473
Amount attributable to operating activities		2,209,865	353,740	2,958,876
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		940,045	2,920,564	1,998,499
Proceeds from disposal of assets		1,120,940	1,232,480	114,684
		2,060,985	4,153,044	2,113,183
Outflows from investing activities				
Right of use assets received - non cash		0	(104,356)	0
Acquisition of property, plant and equipment	8(a)	(3,496,574)	(3,435,401)	(13,754,309)
Acquisition of infrastructure	9(a)	(1,377,453)	(4,398,791)	(2,190,980)
		(4,874,027)	(7,938,548)	(15,945,289)
Non-cash amounts excluded from investing activities	26(b)	0	1,175,290	0
Amount attributable to investing activities		(2,813,042)	(2,610,214)	(13,832,106)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	27(a)	1,600,000	1,600,000	1,500,000
Transfers from reserve accounts	28	6,622,518	7,367,765	17,726,556
		8,222,518	8,967,765	19,226,556
Outflows from financing activities				
Repayment of borrowings	27(a)	(502,126)	(541,020)	(456,556)
Payments for principal portion of lease liabilities	27(d)	(68,215)	(104,356)	(142,944)
Transfers to reserve accounts	28	(6,737,062)	(6,212,485)	(7,347,300)
		(7,307,403)	(6,857,861)	(7,946,800)
Amount attributable to financing activities		915,115	2,109,904	11,279,756
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	26(c)	684,593	652,816	278,067
Amount attributable to operating activities		2,209,865	353,740	2,958,876
Amount attributable to investing activities		(2,813,042)	(2,610,214)	(13,832,106)
Amount attributable to financing activities		915,115	2,109,904	11,279,756
Surplus or deficit after imposition of general rates	26(c)	996,531	506,246	684,593

This statement is to be read in conjunction with the accompanying notes.



**SHIRE OF DARDANUP
FOR THE YEAR ENDED 30 JUNE 2025
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SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

1. BASIS OF PREPARATION

The financial report of the Shire of Dardanup which is a Class 3 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the *Local Government Act 1995*, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of:

- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 Disaggregated Disclosures paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 *Leases* which would have required the Shire to measure any vested improvements at zero cost.

The *Local Government (Financial Management) Regulations 1996* provide that:

- land and buildings classified as property, plant and equipment; or
 - infrastructure; or
 - vested improvements that the local government controls;
- and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 *Property, Plant and Equipment*, which would have required the Shire to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
- Property, plant and equipment - note 8
- Infrastructure - note 9
- Expected credit losses on financial assets - note 5
- Impairment losses of non-financial assets - Note 10
- Measurement of employee benefits - note 15
- Measurement of provisions - note 16

Fair value hierarchy information can be found in note 24

The local government reporting entity

All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 of the financial report.

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-1 *Amendments to Australian Accounting Standards*
 - *Classification of Liabilities as Current or Non-current*
- AASB 2022-5 *Amendments to Australian Accounting Standards*
 - *Lease Liability in a Sale and Leaseback*
- AASB 2022-6 *Amendments to Australian Accounting Standards*
 - *Non-current Liabilities with Covenants*
- AASB 2023-3 *Amendments to Australian Accounting Standards*
 - *Disclosure of Non-current Liabilities with Covenants: Tier 2*
- AASB 2024-1 *Amendments to Australian Accounting Standards*
 - *Supplier Finance Arrangements: Tier 2 Disclosures*
- AASB 2023-1 *Amendments to Australian Accounting Standards*
 - *Supplier Finance Arrangements*

These amendments are not expected to have any material impact on the financial report on initial application.

- AASB 2022-10 *Amendments to Australian Accounting Standards*
 - *Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

These amendment may result in changes to the fair value of certain non-financial assets on revaluation. The impact has not been quantified as it is not considered practicable to determine the amount of the difference in fair value attributable to the change in the standard.

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- AASB 2014-10 *Amendments to Australian Accounting Standards*
 - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2024-4b *Amendments to Australian Accounting Standards*
 - *Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- AASB 2022-9 *Amendments to Australian Accounting Standards*
 - *Insurance Contracts in the Public Sector*
- AASB 2023-5 *Amendments to Australian Accounting Standards*
 - *Lack of Exchangeability*
- AASB 18 (FP) *Presentation and Disclosure in Financial Statements*
 - *(Appendix D) [for for-profit entities]*
- AASB 18 (NFP/super) *Presentation and Disclosure in Financial Statements*
 - *(Appendix D) [for not-for-profit and superannuation entities]*
- AASB 2024-2 *Amendments to Australian Accounting Standards*
 - *Classification and Measurement of Financial Instruments*
- AASB 2024-3 *Amendments to Australian Accounting Standards*
 - *Annual Improvements Volume 11*

These amendments are not expected to have any material impact on the financial report on initial application.

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/refunds/warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - sale of stock	Kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

Consideration from contracts with customers is included in the transaction price.

Revenue recognition

Rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

For the year ended 30 June 2025

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	16,922,394	337,877	17,260,271
Grants, subsidies and contributions	1,873,915	0	0	0	1,873,915
Fees and charges	0	0	255,152	4,401,355	4,656,507
Interest revenue	0	0	160,676	1,045,936	1,206,612
Other revenue	19,602	0	0	0	19,602
Capital grants, subsidies and contributions	0	940,045	0	0	940,045
Total	1,893,517	940,045	17,338,222	5,785,168	25,956,952

For the year ended 30 June 2024

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	15,749,930	382,380	16,132,310
Grants, subsidies and contributions	2,333,129	0	0	0	2,333,129
Fees and charges	0	0	199,367	4,044,748	4,244,115
Interest revenue	0	0	150,390	1,092,691	1,243,081
Other revenue	15,464	0	0	0	15,464
Capital grants, subsidies and contributions	0	1,998,499	0	0	1,998,499
Total	2,348,593	1,998,499	16,099,687	5,519,819	25,966,598

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2025 Actual \$	2024 Actual \$
Interest revenue		
Interest on reserve account	581,603	770,515
Trade and other receivables overdue interest	160,676	150,390
Other interest revenue	464,333	322,176
	1,206,612	1,243,081
The 2025 original budget estimate in relation to: Trade and other receivables overdue interest was \$147,909		
Fees and charges relating to rates receivable		
Charges on instalment plan	95,880	86,730
The 2025 original budget estimate in relation to: Charges on instalment plan was \$88,258		
(b) Expenses		
Auditors remuneration		
- Audit of the Annual Financial Report	64,691	60,600
	64,691	60,600
Employee Costs		
Employee benefit costs	12,018,391	11,213,340
Other employee costs	787,790	596,740
	12,806,181	11,810,080
Finance costs		
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	496,733	417,984
	496,733	417,984

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

3. CASH AND CASH EQUIVALENTS

	Note	2025	2024
		\$	\$
Cash at bank and on hand		20,641,917	18,240,105
Total cash and cash equivalents		20,641,917	18,240,105
Held as			
- Unrestricted cash and cash equivalents		2,622,248	3,089,280
- Restricted cash and cash equivalents	18	18,019,669	15,150,825
		20,641,917	18,240,105

MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

4. OTHER FINANCIAL ASSETS

(a) Non-current assets

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss

Units in Local Government House Trust - opening balance
 Movement attributable to fair value increment/(decrement)
 Units in Local Government House Trust - closing balance

Note	2025	2024
	\$	\$
	79,620	83,171
	79,620	83,171
	83,171	81,490
	(3,551)	1,681
	79,620	83,171

Fair value of financial assets at fair value through profit or loss is determined from the net assets value of the units held in the Trust at balance date as compiled by WALGA.

MATERIAL ACCOUNTING POLICIES

Financial assets at fair value through profit or loss

The Shire classifies the following financial assets at fair value through profit or loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has elected to recognise as fair value gains and losses through profit or loss.

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

5. TRADE AND OTHER RECEIVABLES

Note	2025	2024
	\$	\$
Current		
Rates and statutory receivables	374,022	373,780
Trade receivables	276,758	207,234
GST receivable	273,090	414,244
Fuel tax credits	3,225	3,518
Pensioner rates rebate	9,936	29,319
	937,031	1,028,095
Non-current		
Pensioner rates and Emergency Services Levy deferred	175,846	159,549
	175,846	159,549

MATERIAL ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations or for the construction of recognisable non financial assets as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers and amounts received as grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

6. INVENTORIES

Note	2025	2024
	\$	\$
Current		
Materials - depot	0	32,002
Trading stock - Eaton Recreation Centre	7,899	8,323
	7,899	40,325
The following movements in inventories occurred during the year:		
Balance at beginning of year	40,325	38,783
Additions to inventory	(32,426)	1,542
Balance at end of year	7,899	40,325

MATERIAL ACCOUNTING POLICIES

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

7. OTHER ASSETS

Other assets - current

Prepayments

Accrued income

Contract assets

2025	2024
\$	\$
125,522	176,567
34,915	71,326
53,351	245,567
213,788	493,460

MATERIAL ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Contract assets

Contract assets primarily relate to the Shire's right to . consideration for work completed but not billed at the end of the period.

Impairment of assets associated with contracts with customers are detailed at Note 2(b).

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in balances

Movement in the balances of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Note	Assets not subject to operating lease				Plant and equipment			Total property, plant and equipment
		Land	Buildings	Buildings - work in progress	Total property	Furniture and equipment	Plant and equipment	Motor Vehicles	
		\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023		8,406,000	30,359,502	7,859,409	46,624,911	294,239	401,091	2,705,091	50,025,332
Additions		0	13,203,242	50,749	13,253,991	129,995	11,079	359,244	13,754,309
Disposals		0	0	0	0	0	0	(92,266)	(92,266)
Depreciation		0	(1,192,796)	0	(1,192,796)	(87,484)	(52,571)	(248,856)	(1,581,707)
Transfers		0	7,854,829	(7,854,829)	0	0	0	0	0
Balance at 30 June 2024		8,406,000	50,224,777	55,329	58,686,106	336,750	359,599	2,723,213	62,105,668
Comprises:									
Gross balance amount at 30 June 2024		8,406,000	70,623,945	55,329	79,085,274	1,856,902	609,738	5,421,206	86,973,120
Accumulated depreciation at 30 June 2024		0	(20,399,168)	0	(20,399,168)	(1,520,152)	(250,139)	(2,697,993)	(24,867,452)
Balance at 30 June 2024	8(b)	8,406,000	50,224,777	55,329	58,686,106	336,750	359,599	2,723,213	62,105,668
Additions		1,200,000	921,043	9,723	2,130,766	171,367	124,784	1,069,657	3,496,574
Disposals		(420,000)	(424,817)	0	(844,817)	(3,191)	0	(244,313)	(1,092,321)
Depreciation		0	(1,592,723)	0	(1,592,723)	(115,974)	(50,823)	(257,359)	(2,016,879)
Transfers		0	55,329	(55,329)	0	0	0	0	0
Balance at 30 June 2025		9,186,000	49,183,609	9,723	58,379,332	388,952	433,560	3,291,198	62,493,042
Comprises:									
Gross balance amount at 30 June 2025		9,186,000	70,326,317	9,723	79,522,040	1,956,931	734,522	5,826,858	88,040,351
Accumulated depreciation at 30 June 2025		0	(21,142,708)	0	(21,142,708)	(1,567,979)	(300,962)	(2,535,660)	(25,547,309)
Balance at 30 June 2025	8(b)	9,186,000	49,183,609	9,723	58,379,332	388,952	433,560	3,291,198	62,493,042

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying amount measurements

Asset class	Note	Carrying amount 2025 \$	Carrying amount 2024 \$	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value - as determined at the last valuation date								
Land and buildings								
Land - market value		9,186,000	8,406,000	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2021	Price per hectare / market borrowing rate
Total land	8(a)	9,186,000	8,406,000					
Buildings		49,183,609	50,224,777	3	Market approach using recent observable market data for properties	Independent registered valuer	June 2021	Construction costs and current condition, residual values and remaining useful life assessments inputs
Total buildings	8(a)	49,183,609	50,224,777					

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs. The valuation techniques applied to property subject to lease was the same as that applied to property not subject to lease.

(Appendix AAR: 10.2A)

SHIRE OF DARDANUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2025

9. INFRASTRUCTURE

(a) Movements in balances

Movement in the balances of each class of infrastructure between the beginning and the end of the current financial year.

	Infrastructure - roads \$	Infrastructure - footpaths \$	Infrastructure - drainage \$	Infrastructure - parks and ovals \$	Infrastructure - bridges \$	Infrastructure - car parks \$	Infrastructure - lighting \$	Roads - work in progress \$	Footpaths - work in progress \$	Drainage - work in progress \$	Parks and ovals - work in progress	Total infrastructure \$
Restated balance at 1 July 2023	140,999,477	13,480,232	22,527,178	10,408,676	23,269,167	1,995,760	2,561,672	945,777	31,065	13,349	198,063	216,430,416
Additions	1,222,757	93,086	29,089	105,043	324,000	0	0	305,989	2,230	0	108,786	2,190,980
(Disposals)	0	0	0	0	0	0	0	0	(2,956)	0	0	(2,956)
Restated depreciation*	(2,961,727)	(460,365)	(420,208)	(533,442)	(427,207)	(78,285)	(166,351)	0	0	0	0	(5,047,585)
Transfers	937,977	28,110	13,349	160,295	0	0	0	(937,977)	(28,110)	(13,349)	(160,295)	0
Restated balance at 30 June 2024	140,198,484	13,141,063	22,149,408	10,140,572	23,165,960	1,917,475	2,395,321	313,789	2,229	0	146,554	213,570,855
Comprises:												
Gross balance at 30 June 2024	167,700,911	19,367,243	31,684,633	16,217,543	38,891,885	3,979,893	3,327,011	313,789	2,229	0	146,554	281,631,691
Accumulated depreciation at 30 June 2024	(27,502,427)	(6,226,180)	(9,535,225)	(6,076,971)	(15,725,925)	(2,062,418)	(931,690)	0	0	0	0	(68,060,836)
Restated balance at 30 June 2024	140,198,484	13,141,063	22,149,408	10,140,572	23,165,960	1,917,475	2,395,321	313,789	2,229	0	146,554	213,570,855
Additions	496,805	106,020	0	107,157	0	0	0	223,048	3,140	0	441,283	1,377,453
(Disposals)	0	0	0	0	0	(6,796)	0	0	0	0	(3,125)	(9,921)
Depreciation	(3,000,405)	(463,264)	(420,772)	(542,315)	(430,447)	(78,076)	(166,350)	0	0	0	0	(5,101,629)
Transfers	313,789	2,229	0	73,578	0	0	0	(313,789)	(2,229)	0	(73,578)	0
Balance at 30 June 2025	138,008,673	12,786,048	21,728,636	9,778,992	22,735,513	1,832,603	2,228,971	223,048	3,140	0	511,134	209,836,758
Comprises:												
Gross balance at 30 June 2025	168,511,505	19,475,492	31,684,633	16,398,278	38,891,885	3,965,746	3,327,011	223,048	3,140	0	511,134	282,991,872
Accumulated depreciation at 30 June 2025	(30,502,832)	(6,689,444)	(9,955,997)	(6,619,286)	(16,156,372)	(2,133,143)	(1,098,040)	0	0	0	0	(73,155,114)
Balance at 30 June 2025	138,008,673	12,786,048	21,728,636	9,778,992	22,735,513	1,832,603	2,228,971	223,048	3,140	0	511,134	209,836,758

* Infrastructure - bridges opening and closing balances for FY 2023-24 have been restated as a result of correction of a material historical misstatement. Refer to Note 30 - Correction of Error for further details.

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

9. INFRASTRUCTURE (Continued)

(b) Carrying amount measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value - as determined at the last valuation date					
Infrastructure - roads	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks and ovals	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - bridges	3	Cost approach using current replacement cost	Independent valuation	June 2021	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - car parks	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - lighting	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

10. FIXED ASSETS

(a) Depreciation

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset class	Useful life
Buildings - non-specialised	
- sub-structure	18 to 90 years
- super-structure	15 to 75 years
- roof	14 to 68 years
- finishing & fittings	8 to 38 years
- services	11 to 53 years
- site surround works	30 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
- earthwork	Not depreciated
- pavement	30 to 80 years
- seal: bitumen	20 years
- seal: asphalt	40 years
- seal: brick paving	40 years
- kerbing	60 years
- drainage	40 years
Gravel Roads	
- earthwork	Not depreciated
- pavement	10 to 20 years
Infrastructure Assets - Pathways	
- concrete	50 years
- limestone	15 years
- paving	25 years
- asphalt	20 years
- timber	30 years
Infrastructure - Stormwater Drainage	50 to 75 years
Infrastructure - Parks and Reserves	
- playgrounds	15 years
- furniture	15 years
- turf	20 years
- gardens	15 years
- irrigation	12 to 40 years
- sporting infrastructure	15 to 25 years
- rubbish bin enclosures	15 years
- marine structures	20 years
- other structures	15 to 80 years
Infrastructure - Bridges	
- timber	80 years
- other	100 years
Infrastructure - Car Parks	
- earthwork	Not depreciated
- pavement	30 to 80 years
- seal: bitumen	20 years
- seal: asphalt	40 years
- seal: brick paving	40 years
- kerbing	60 years
- drainage	40 years
Infrastructure - Lighting	5 to 25 years
Right of use - land	Based on the remaining lease term
Right of use - buildings	Based on the remaining lease term
Right of use - plant and equipment	Based on the remaining lease term
Right of use - furniture and fittings	Based on the remaining lease term
Right of use - motor vehicles	Based on the remaining lease term

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

10. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Local Government (Financial Management) Regulation 17A(5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses being their reportable value.

Reportable value

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on land vested in the Shire.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the Shire to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; or
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the Shire is not required to comply with *AASB 136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposal

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

11. LEASES

(a) Right-of-use assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

Note	Right-of-use assets - land and buildings	Right-of-use assets - furniture and equipment	Total right-of-use assets
	\$	\$	\$
Balance at 1 July 2023	58,640	172,099	230,739
Gains/(losses) from sale and leaseback transactions	(14)	1,326	1,312
Depreciation	(39,742)	(100,878)	(140,620)
Balance at 30 June 2024	18,884	72,547	91,431
Gross balance amount at 30 June 2024	72,285	357,794	430,079
Accumulated depreciation at 30 June 2024	(53,401)	(285,247)	(338,648)
Balance at 30 June 2024	18,884	72,547	91,431
Gains/(losses) from sale and leaseback transactions	566	(17,122)	(16,556)
Depreciation	(11,677)	(53,745)	(65,422)
Balance at 30 June 2025	7,773	1,680	9,453
Gross balance amount at 30 June 2025	72,851	20,005	92,856
Accumulated depreciation at 30 June 2025	(65,078)	(18,325)	(83,403)
Balance at 30 June 2025	7,773	1,680	9,453

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the Shire is the lessee:

	2025 Actual	2024 Actual
	\$	\$
Depreciation on right-of-use assets	(65,422)	(140,620)
Finance charge on lease liabilities	(1,035)	(3,674)
Gains/(losses) from sale and leaseback transactions	(16,556)	1,312
Total amount recognised in the statement of comprehensive income	(83,013)	(142,982)
Total cash outflow from leases	(69,250)	(146,618)

27(d)

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

11. LEASES (Continued)

(b) Lease liabilities

Current
Non-current

27(d)

2025 Actual	2024 Actual
\$	\$
10,196	84,009
0	11,724
10,196	95,733

The Shire has one land lease that has been recognised as a lease liability. The term of the lease is for 10 years. The Shire has one active furniture and equipment lease. The original term of the contract was six years, which is due to come to an end on 30 December 2025

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

MATERIAL ACCOUNTING POLICIES

Leases

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 27(d).

Right-of-use assets - measurement

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the material accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

12. TRADE AND OTHER PAYABLES

Current

	2025	2024
	\$	\$
Sundry creditors	837,726	445,839
Prepaid rates	1,163,831	1,067,491
Accrued payroll liabilities	304,245	238,712
Statutory liabilities	35,257	36,373
Bonds and deposits held	509,697	362,683
Accrued interest on long term borrowings	113,255	102,280
Accrued expenses	143,678	28,127
Prepaid revenue	33,182	2,539
	3,140,871	2,284,044

MATERIAL ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are initially recognised at fair value when the Shire becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Statutory liabilities

Statutory liabilities, are amounts owed to regulatory authorities due to statutory obligations such as FBT and PAYG. GST payable is offset against GST receivable and any net GST payable is included as a statutory liability.

Bonds and deposits held

Bonds and deposits are amounts held as security against loss to Shire's assets, and are initially recognised at fair value. These liabilities are derecognised upon refund back to customers or when a legal right to offset the liability against loss to Shire's assets has been established.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises income for the prepaid rates that have not been refunded.

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

13. OTHER LIABILITIES

Current

	2025	2024
	\$	\$
Contract liabilities	1,426,399	934,065
Capital grant/contributions liabilities	236,625	126,198
Other Liabilities	3,173	55,206
	1,666,197	1,115,469

Reconciliation of changes in contract liabilities

Opening balance	934,065	621,264
Additions	1,426,399	934,065
Revenue from contracts with customers included as a contract liability at the start of the period	(934,065)	(621,264)
	1,426,399	934,065

The Shire expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.

Reconciliation of changes in capital grant/contribution liabilities

Opening balance	126,198	576,429
Additions	110,427	9,022
Revenue from capital grant/contributions held as a liability at the start of the period	0	(459,253)
	236,625	126,198

Expected satisfaction of capital grant/contribution liabilities

Less than 1 year	236,625	126,198
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Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

MATERIAL ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

14. BORROWINGS

	Note	2025			2024		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		595,179	10,302,629	10,897,808	502,125	9,297,809	9,799,934
Total secured borrowings	27(a)	595,179	10,302,629	10,897,808	502,125	9,297,809	9,799,934

Secured liabilities and assets pledged as security

Debentures are secured by a floating charge over the assets of the Shire of Dardanup.

MATERIAL ACCOUNTING POLICIES

Borrowing costs

The Shire has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

Risk

Details of individual borrowings required by regulations are provided at Note 27(a).

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

15. EMPLOYEE RELATED PROVISIONS

Employee related provisions

Current provisions

Employee benefit provisions

Annual leave	
Long service leave	
Other employee leave provisions - rostered days off	
Total current employee related provisions	

2025	2024
\$	\$
790,372	743,610
906,403	853,713
33,414	29,859
1,730,189	1,627,182
200,371	220,180
200,371	220,180
1,930,560	1,847,362

Non-current provisions

Employee benefit provisions

Long service leave	
Total non-current employee related provisions	

Total employee related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

MATERIAL ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

16. OTHER PROVISIONS

	Make good provisions- Transfer Station	Total
	\$	\$
Opening balance at 1 July 2024		
Non-current provisions	195,729	195,729
	<u>195,729</u>	<u>195,729</u>
Unused amounts reversed	(22,164)	(22,164)
Balance at 30 June 2025	<u>173,565</u>	<u>173,565</u>
Comprises		
Current	173,565	173,565
	<u>173,565</u>	<u>173,565</u>

Other provisions

Amounts which are expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

MATERIAL ACCOUNTING POLICIES

Provisions

Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

17. REVALUATION SURPLUS

	2025 Opening balance	2025 Closing balance	2024 Opening balance	2024 Closing balance
	\$	\$	\$	\$
Revaluation surplus - Land	5,876,608	5,876,608	5,876,608	5,876,608
Revaluation surplus - Buildings	21,289,894	21,289,894	21,289,894	21,289,894
Revaluation surplus - Furniture and equipment	141,852	141,852	141,852	141,852
Revaluation surplus - Plant and equipment	61,467	61,467	61,467	61,467
Revaluation surplus - Motor Vehicles	308,205	308,205	308,205	308,205
Revaluation surplus - Infrastructure - roads	108,194,691	108,194,691	108,194,691	108,194,691
Revaluation surplus - Infrastructure - footpaths	12,432,829	12,432,829	12,432,829	12,432,829
Revaluation surplus - Infrastructure - drainage	25,129,986	25,129,986	25,129,986	25,129,986
Revaluation surplus - Infrastructure - parks and ovals	4,201,118	4,201,118	4,201,118	4,201,118
Restated revaluation surplus - Infrastructure - bridges*	18,352,056	18,352,056	18,352,056	18,352,056
Revaluation surplus - Infrastructure - car parks	1,289,053	1,289,053	1,289,053	1,289,053
Revaluation surplus - Infrastructure - lighting	2,127,985	2,127,985	2,127,985	2,127,985
	199,405,744	199,405,744	199,405,744	199,405,744

* 2024 Opening balance of revaluation surplus - Infrastructure bridges has been re-stated as a result of correction of a material historical misstatement. Refer to Note 30 - Correction of Error for further details.

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

18. RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2025 Actual \$	2024 Actual \$
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	18,019,669	15,778,688
		18,019,669	15,778,688
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	28	14,331,304	14,216,760
Contract liabilities	13	1,426,399	934,065
Capital grant liabilities	13	236,625	126,198
Unspent loans	27(c)	2,025,341	501,665
Total restricted financial assets		18,019,669	15,778,688

**19. UNDRAWN BORROWING FACILITIES AND CREDIT
STANDBY ARRANGEMENTS**

Credit standby arrangements

Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	15,000	15,000
Credit card balance at balance date	0	0
Total amount of credit unused	15,000	15,000

Loan facilities

Loan facilities - current	595,179	502,125
Loan facilities - non-current	10,302,629	9,297,809
Total facilities in use at balance date	10,897,808	9,799,934

Unused loan facilities at balance date	Nil	Nil
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SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

20. CONTINGENT LIABILITIES

The Shire does not have any contingent liabilities at year end.

21. CAPITAL COMMITMENTS

	2025	2024
	\$	\$
Contracted for:		
- capital expenditure projects*	1,801,803	42,130
	1,801,803	42,130
Payable:		
- not later than one year	1,801,803	42,130

*Commitments are mainly related to infrastructure construction contracts, in particular Glenhuon Boulevard Traffic Signals and Hands Avenue Intersection works, awarded and in progress.

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

22. RELATED PARTY TRANSACTIONS

(a) Council member remuneration

Fees, expenses and allowances to be paid or reimbursed to council members.

Note	2025 Actual	2025 Budget	2024 Actual
	\$	\$	\$
President's annual allowance	31,990	31,990	28,838
President's meeting attendance fees	21,940	21,940	19,778
President's ICT expenses	2,800	2,800	2,625
President's travel and accommodation expenses	0	490	741
	56,730	57,220	51,982
Deputy President's annual allowance	7,998	7,998	7,209
Deputy President's meeting attendance fees	14,169	14,169	12,773
Deputy President's ICT expenses	2,800	2,800	2,625
Deputy President's travel and accommodation expenses	0	490	0
	24,967	25,457	22,607
All other council member's meeting attendance fees	99,183	99,183	85,153
All other council member's child care expenses	166	1,400	1,374
All other council member's All other council member expenses	326	100	0
All other council member's ICT expenses	19,600	19,600	17,500
All other council member's travel and accommodation expenses	0	3,432	0
	119,275	123,715	104,027
22(b)	200,972	206,392	178,616

(b) Key management personnel (KMP) compensation

The total of compensation paid to KMP of the Shire during the year are as follows:

Short-term employee benefits	2,074,170	2,211,578
Post-employment benefits	257,094	274,596
Employee - other long-term benefits	46,996	59,018
Employee - termination benefits	34,546	38,515
Council member costs	200,972	178,616
22(a)	2,613,778	2,762,323

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

These amounts are the current-year's cost of the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

(c) Transactions with related parties

Transactions between related parties and the Shire are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

**SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Events may occur between the end of the reporting period and the date when financial statements are verified by the Council. The Shire is not aware of, or in receipt of, any information or events that may impact or lead to any adjustment in the financial statements after the reporting period.

SHIRE OF DARDANUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2025

24. OTHER MATERIAL ACCOUNTING POLICIES

a) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Shire's intentions to release for sale.

c) Rounding off figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

d) Comparative figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial report is presented.

e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

f) Superannuation

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

g) Fair value of assets and liabilities

Fair value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

h) Interest revenue

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

i) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

j) Impairment of assets

In accordance with Australian Accounting Standards the Shire's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:

- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 10.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116 *Property, Plant and Equipment*) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

25. RATING INFORMATION

(a) General rates

RATE TYPE		Rate in \$	Number of properties	2024/25 Actual rateable value*	2024/25 Actual rate revenue	2024/25 Actual interim rates	2024/25 Actual total revenue	2024/25 Budget rate revenue	2024/25 Budget interim rate	2024/25 Budget total revenue	2023/24 Actual total revenue
Rate description	Basis of valuation										
Residential (including residential vacant)	Gross rental valuation	0.11571	4,473	81,214,396	9,397,317	44,653	9,441,970	9,397,317	163,181	9,560,498	8,847,148
Commercial (including commercial vacant)	Gross rental valuation	0.11399	60	14,966,396	1,706,019	3,380	1,709,399	1,706,020	0	1,706,020	1,688,444
Industrial (including industrial vacant)	Gross rental valuation	0.11426	73	10,050,752	1,148,399	24,316	1,172,715	1,148,399	0	1,148,399	1,054,062
Rural residential (including rural residential vacant)	Gross rental valuation	0.11527	399	9,394,102	1,082,858	17,070	1,099,928	1,082,858	0	1,082,858	1,004,196
Accommodation	Gross rental valuation	0.11589	2	439,400	50,922	0	50,922	50,922	0	50,922	0
UV Rural (including UV1, UV2, UV3 and Mining)	Unimproved valuation	0.005633	507	356,109,893	2,005,967	14,609	2,020,576	2,005,967	0	2,005,967	1,880,201
Total general rates			5,514	472,174,939	15,391,482	104,028	15,495,510	15,391,483	163,181	15,554,664	14,474,051
Minimum payment											
Residential (including residential vacant)	Gross rental valuation	1,625	511	5,114,424	830,375	109,488	939,863	830,375	0	830,375	877,018
Commercial (including commercial vacant)	Gross rental valuation	1,722	7	46,010	12,054	0	12,054	12,054	0	12,054	13,928
Industrial (including industrial vacant)	Gross rental valuation	1,722	46	475,350	79,212	0	79,212	79,212	0	79,212	66,542
Rural residential (including rural residential vacant)	Gross rental valuation	1,722	79	642,206	136,038	42,998	179,036	136,038	0	136,038	129,767
Accommodation	Gross rental valuation	1,722	0	0	0	0	0	0	0	0	0
UV Rural (including UV1, UV2, UV3 and Mining)	Unimproved valuation	1,722	128	19,868,357	220,416	15,858	236,274	220,416	0	220,416	234,922
Total minimum payments			771	26,146,347	1,278,095	168,344	1,446,439	1,278,095	0	1,278,095	1,322,177
Total general rates and minimum payments			6,285	498,321,286	16,669,577	272,372	16,941,949	16,669,578	163,181	16,832,759	15,796,228
Specified area rates											
Bulk Waste Collection	Gross rental valuation	0.001735	4,850	85,227,089	147,869	2,038	149,907	147,869	0	147,869	111,741
Eaton Landscaping	Gross rental valuation	0.002006	4,616	92,730,309	186,017	1,953	187,970	186,017	0	186,017	270,639
Total amount raised from rates (excluding general rates)			9,466	177,957,398	333,886	3,991	337,877	333,886	0	333,886	382,380
Discounts							0			0	(1,485)
Concessions							(19,555)			(20,596)	(44,813)
Total rates							17,260,271			17,146,049	16,132,310
(b) Rates related information											
Rates instalment interest							78,624			71,824	70,839
Rates instalment plan charges							95,880			88,258	86,730
Rates overdue interest							82,052			76,085	79,551

*Rateable Value at time of raising of rate.

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025

26. DETERMINATION OF SURPLUS OR DEFICIT

	Note	2024/25 (30 June 2025 carried forward) \$	2024/25 Budget (30 June 2025 carried forward) \$	2023/24 (30 June 2024 carried forward) \$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals		(90,113)	(730,000)	(22,418)
Add/(Less): Movement in liabilities associated with restricted cash		110,427	(598)	(450,231)
Less: Unspent Borrowings		0	(1,080,000)	0
Less: Fair value adjustments to financial assets at fair value through profit or loss		3,551	0	(1,681)
Less: Gains/(losses) from sale and leaseback transactions		766	0	(22)
Add: Loss on disposal of assets		71,415	0	2,956
Add: Depreciation		7,183,930	6,670,135	6,769,912
Non-cash movements in non-current assets and liabilities:				
Pensioner deferred rates		(16,297)	0	(19,780)
Employee benefit provisions		(19,809)	9,664	(22,082)
Other provisions		(195,729)	0	8,819
Non-cash amounts excluded from operating activities		7,048,141	4,869,201	6,265,473
(b) Non-cash amounts excluded from investing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to investing activities				
Right of use assets received - non cash		0	104,356	0
Movement in current unspent capital grants associated with restricted cash		0	119,281	0
Movement in current other provision associated with restricted cash		0	951,653	0
Non-cash amounts excluded from investing activities		0	1,175,290	0
(c) Surplus or deficit after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	28	(14,331,304)	(13,902,925)	(14,216,760)
Less: Financial assets at amortised cost				
Less: Current assets not expected to be received at end of year				
- Contract liabilities - Revenue		0	28,718	0
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14	595,179	597,706	502,125
- Current portion of contract liability held in reserve		236,625	0	126,198
- Current portion of lease liabilities	11(b)	10,196	12,468	84,009
- Adjustment to current portion of lease liability		1,397	0	(135)
- Current portion of unspent capital grants held in reserve		0	322,015	0
- Current portion of other provision held in reserve		0	1,579,970	0
- Current portion of employee benefit provisions held in reserve		0	290,098	0
Total adjustments to net current assets		(13,487,907)	(11,071,950)	(13,504,563)
Net current assets used in the Statement of financial activity				
Total current assets		21,800,635	18,172,607	19,801,985
Less: Total current liabilities		(7,316,197)	(6,594,411)	(5,612,829)
Less: Total adjustments to net current assets		(13,487,907)	(11,071,950)	(13,504,563)
Surplus or deficit after imposition of general rates		996,531	506,246	684,593

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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27. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						
		Principal at 1 July 2023	New loans during 2023-24	Principal repayments during 2023-24	Principal at 30 June 2024	New loans during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025
		\$	\$	\$	\$	\$	\$	\$
Wanju DCP / Waterloo Ind Park		608,486	0	(72,295)	536,191	0	(73,341)	462,850
Waste Bins (3 Bin System)		276,850	0	(43,977)	232,873	0	(44,822)	188,051
Glen Huon Oval Club Rooms		837,096	0	(46,151)	790,945	0	(47,940)	743,005
Eaton Oval Clubrooms		700,000	0	(21,826)	678,174	0	(22,854)	655,320
Depot Land		319,890	0	(66,161)	253,729	0	(68,881)	184,848
Gravel Pit Land - Panizza Road		14,168	0	(14,168)	0	0	0	0
Library/Admin Centre, Eaton (#1)		6,000,000	0	(191,978)	5,808,022	0	(200,548)	5,607,474
Library/Admin Centre, Eaton (#2)		0	1,500,000	0	1,500,000	0	(43,740)	1,456,260
ERP System		0	0	0	0	1,600,000	0	1,600,000
Total	14	8,756,490	1,500,000	(456,556)	9,799,934	1,600,000	(502,126)	10,897,808

All loan repayments were financed by general purpose revenue.

Borrowing finance cost payments

Purpose	Loan number	Institution	Interest rate	Date final payment is due	Actual for year ending 30 June 2025	Budget for year ending 30 June 2025
					\$	\$
Wanju DCP / Waterloo Ind Park	70	WATC	1.44%	2/06/2031	(10,959)	(11,149)
Waste Bins (3 Bin System)	71	WATC	1.91%	5/02/2029	(5,309)	(5,476)
Glen Huon Oval Club Rooms	69	WATC	3.84%	9/01/2037	(34,328)	(35,210)
Eaton Oval Clubrooms	72	WATC	4.66%	30/01/2043	(35,494)	(36,048)
Depot Land	66	WATC	4.07%	2/08/2027	(10,213)	(11,379)
Gravel Pit Land - Panizza Road	61	WATC	6.19%	30/10/2023	0	0
Library/Admin Centre, Eaton (#1)	73	WATC	4.45%	3/04/2043	(294,368)	(294,220)
Library/Admin Centre, Eaton (#2)	74	WATC	5.27%	4/06/2044	(88,793)	(83,501)
ERP System	75	WATC	4.95%	17/04/2040	(16,234)	(40,000)
Total finance cost payments					(495,698)	(516,983)

* WA Treasury Corporation

Budget			
Principal at 1 July 2024	New loans during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025
\$	\$	\$	\$
536,191	0	(73,340)	462,851
232,872	0	(44,821)	188,051
790,945	0	(47,940)	743,005
678,174	0	(22,854)	655,320
253,729	0	(68,881)	184,848
1	0	0	1
5,808,022	0	(200,548)	5,607,474
1,500,000	0	(46,192)	1,453,808
0	1,600,000	(36,444)	1,563,556
9,799,934	1,600,000	(541,020)	10,858,914

Actual for year ending 30 June 2024
\$
(12,525)
(6,480)
(36,504)
(36,742)
(13,401)
(320)
(302,215)
(6,123)
0
(414,310)

SHIRE OF DARDANUP
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27. BORROWING AND LEASE LIABILITIES (Continued)

(b) New borrowings - 2024/25

Particulars/purpose	Institution	Loan type	Term years	Interest rate	Amount borrowed		Amount (used)		Total interest and charges	Actual balance unspent
					2025 Actual	2025 Budget	2025 Actual	2025 Budget		
					\$	\$	\$	\$	\$	\$
ERP Loan - 75	WATC	Debenture	15 Years	4.95%	1,600,000	1,600,000	0	(520,000)	16,234	1,600,000
					1,600,000	1,600,000	0	(520,000)	16,234	1,600,000

* WA Treasury Corporation

(c) Unspent borrowings

Particulars	Institution	Date Borrowed	Unspent balance 1 July 2024	Borrowed during 2024-25	Expended during 2024-25	Unspent balance 30 June 2025
			\$	\$	\$	\$
Wanju Developer Contribution Plan/Waterloo Ind Park - Loan 70	WATC	1/06/2021	501,665	0	(76,324)	425,341
ERP Loan - 75	WATC	17/04/2025	0	1,600,000	0	1,600,000
			501,665	1,600,000	(76,324)	2,025,341

* WA Treasury Corporation

(d) Lease liabilities

Purpose	Note	Actual							
		Principal at 1 July 2023	New leases during 2023-24	Principal repayments during 2023-24	Adjustment to Lease During 2023-24	Principal at 30 June 2024	New leases during 2024-25	Principal repayments during 2024-25	Adjustment to Lease During 2024-25
		\$	\$	\$		\$	\$	\$	\$
Lease of Lot 81 Banksia Road (Transfer Station)		31,860	0	(11,680)	(4)	20,176	0	(12,358)	605
ERC Cardio Equipment		93,352	0	(46,159)	(14)	47,179	0	(31,233)	(15,946)
Transportable Building		28,619	0	(28,619)	0	0	0	0	0
IT Leases - Consolidated		83,556	0	(56,486)	1,308	28,378	0	(24,624)	(1,981)
Total lease liabilities	11(b)	237,387	0	(142,944)	1,290	95,733	0	(68,215)	(17,322)

Lease finance cost payments

Purpose	Lease number	Institution	Interest rate	Date final payment is due	Actual for year ending 30 June 2025	Budget for year ending 30 June 2025	Actual for year ending 30 June 2024	Lease term
					\$	\$	\$	
Lease of Lot 81 Banksia Road (Transfer Station)	2	Simple Leasing	2.00%	16/04/2026	(404)	(1,065)	(710)	120 months
ERC Cardio Equipment	18	Simple Leasing	2.20%	30/06/2025	(371)	(2,409)	(1,580)	60 months
Transportable Building	1/26	Simple Leasing	2.00%	31/03/2024	0	0	(239)	27 months
IT Leases - Consolidated	Various	Simple Leasing	Various	Various	(260)	(3,003)	(1,145)	Various
Total finance cost payments					(1,035)	(6,477)	(3,674)	

Budget			
Principal at 1 July 2024	New leases during 2024-25	repayments during 2024-25	Principal at 30 June 2025
\$	\$	\$	\$
21,256	0	(12,334)	8,922
45,331	0	(45,331)	0
0	0	0	0
50,237	0	(46,691)	3,546
116,824	0	(104,356)	12,468

SHIRE OF DARDANUP
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28. RESERVE ACCOUNTS

	2025 Actual opening balance	2025 Actual transfer to	2025 Actual transfer (from)	2025 Actual closing balance	2025 Budget opening balance	2025 Budget transfer to	2025 Budget transfer (from)	2025 Budget closing balance	2024 Actual opening balance	2024 Actual transfer to	2024 Actual transfer (from)	2024 Actual closing balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by legislation/agreement												
(a) Burekup Public Open Space Reserve	74,734	5,343	0	80,077	75,317	2,596	0	77,913	73,582	1,152	0	74,734
(b) Eaton Drive - Access Construction Reserve	38,613	37,135	(10,605)	65,143	145,922	5,029	0	150,951	144,008	2,254	(107,649)	38,613
(c) Eaton Drive - Scheme Construction Reserve	53,292	67,406	(19,606)	101,092	251,929	8,682	0	260,611	248,625	3,891	(199,224)	53,292
(d) Collie River (Eaton Drive) Bridge Construction Reserve	34,293	50,958	(14,860)	70,391	186,291	6,420	0	192,711	183,796	2,877	(152,380)	34,293
(e) Unspent Specified Area Rate - Bulk Waste Collection Reserve	74,533	5,329	(40,647)	39,215	74,281	2,560	0	76,841	73,385	1,148	0	74,533
(f) Unspent Specified Area Rate - Eaton Landscaping Reserve	449,740	32,156	(437,667)	44,229	453,789	355	(437,667)	16,477	344,351	105,389	0	449,740
	725,205	198,327	(523,385)	400,147	1,187,529	25,642	(437,667)	775,504	1,067,747	116,711	(459,253)	725,205
Restricted by council												
(g) Employee Relief Reserve	283,317	25,257	0	308,574	280,434	14,664	(5,000)	290,098	274,028	9,289	0	283,317
(h) Information Technology Reserve	826,865	409,121	(258,515)	977,471	665,152	372,923	(448,650)	589,425	701,085	360,973	(235,193)	826,865
(i) Road Safety Programs Reserve	32,946	6,256	0	39,202	27,761	957	0	28,718	27,122	5,824	0	32,946
(j) Tourism Reserve	12,115	866	0	12,981	12,209	421	0	12,630	11,928	187	0	12,115
(k) Executive & Compliance Vehicle Reserve	350,573	145,066	(295,822)	199,817	221,922	127,648	(316,101)	33,469	369,044	125,776	(144,247)	350,573
(l) Employee Leave Entitlements Reserve	51,161	8,658	0	59,819	51,563	6,777	0	58,340	49,880	1,281	0	51,161
(m) Refuse Site Environmental Works Reserve	200,179	14,313	0	214,492	191,793	6,610	0	198,403	188,411	11,768	0	200,179
(n) Recycling Education Reserve	58,364	29,174	(24,058)	63,480	57,696	26,988	(25,275)	59,409	54,777	25,857	(22,270)	58,364
(o) Eaton Recreation Centre - Equipment Reserve	327,123	123,390	(31,604)	418,909	294,591	110,153	(111,640)	293,104	327,026	105,117	(105,020)	327,123
(p) Council Land Development Reserve	28,488	12,036	(3,356)	37,168	28,631	10,987	(5,000)	34,618	32,972	516	(5,000)	28,488
(q) Sale of Land Reserve	1,393,130	99,608	(1,200,000)	292,738	1,403,930	48,383	0	1,452,313	1,371,662	21,468	0	1,393,130
(r) Accrued Salaries Reserve	525,096	42,544	0	567,640	524,105	23,062	(5,000)	542,167	512,081	13,015	0	525,096
(s) Carried Forward Projects Reserve	1,438,908	1,017,378	(919,316)	1,536,970	1,825,343	362,325	(1,783,091)	404,577	2,432,628	1,214,001	(2,207,721)	1,438,908
(t) Strategic Planning Studies Reserve	108,107	7,730	0	115,837	108,939	3,754	(1,125)	111,568	108,411	1,696	(2,000)	108,107
(u) Town Planning Consultancy Reserve	61,924	34,427	(27,794)	68,557	62,438	32,151	(71,000)	23,589	31,432	50,492	(20,000)	61,924
(v) Parks & Reserves Upgrades Reserve	178,504	362,764	(129,871)	411,397	99,592	353,432	(134,322)	318,702	157,786	322,390	(301,672)	178,504
(w) Election Expenses Reserve	35,201	42,517	0	77,718	35,466	41,222	0	76,688	36,800	50,576	(52,175)	35,201
(x) Pathways Reserve	225,594	172,070	(228,702)	168,962	202,330	156,973	(235,175)	124,128	199,213	126,504	(100,123)	225,594
(y) Asset / Rates Revaluation Reserve	268,758	89,216	(184,745)	173,229	262,618	85,947	(187,005)	161,560	219,031	73,428	(23,701)	268,758
(z) Refuse & Recycling Bin Replacement Reserve	71,715	10,128	0	81,843	72,300	7,492	0	79,792	65,687	6,028	0	71,715
(aa) Storm Water Reserve	152,278	40,887	0	193,165	131,323	34,526	0	165,849	153,957	27,410	(29,089)	152,278
(ab) Fire Control Reserve	11,926	853	0	12,779	12,019	414	0	12,433	11,742	184	0	11,926
(ac) Contribution to Works Reserve	959,635	93,999	(17,532)	1,036,102	957,384	32,994	(18,255)	972,123	935,140	24,495	0	959,635
(ad) Unspent Grants Reserve	1,664,250	862,401	(1,639,770)	886,881	1,903,784	1,686,617	(1,621,007)	1,969,394	2,116,662	1,404,742	(1,857,154)	1,664,250
(ae) Swimming Pool Inspection Reserve	9,085	649	0	9,734	4,676	161	0	4,837	4,569	4,516	0	9,085
(af) Plant & Engineering Equipment Reserve	806,404	314,158	(193,845)	926,717	635,458	278,400	(488,706)	425,152	661,288	260,350	(115,234)	806,404
(ag) Road Construction and Major Maintenance Reserve	2,223,013	178,981	(761,400)	1,640,594	1,411,470	48,643	(771,126)	688,987	1,338,700	1,339,798	(455,485)	2,223,013
(ah) Building Maintenance Reserve	685,231	794,288	(106,479)	1,373,040	1,757,432	690,566	(32,620)	2,415,378	9,920,895	1,623,903	(10,859,567)	685,231
(ai) Unspent Loan Reserve	501,665	1,600,000	(76,324)	2,025,341	628,317	1,621,653	(670,000)	1,579,970	1,214,312	19,005	(731,652)	501,665
	13,491,555	6,538,735	(6,099,133)	13,931,157	13,870,676	6,186,843	(6,930,098)	13,127,421	23,528,269	7,230,589	(17,267,303)	13,491,555
	14,216,760	6,737,062	(6,622,518)	14,331,304	15,058,205	6,212,485	(7,367,765)	13,902,925	24,596,016	7,347,300	(17,726,556)	14,216,760

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserve accounts.

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28. RESERVE ACCOUNTS (Continued)

In accordance with council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of reserve account	Purpose of the reserve account
Restricted by legislation/agreement	
(a) Burekup Public Open Space Reserve	Established to account for cash-in-lieu of Public Open Space contributions in Burekup in accordance with the Planning and Development Act 1995.
(b) Eaton Drive - Access Construction Reserve	Established for the construction of Eaton Drive Access Road from developer contributions.
(c) Eaton Drive - Scheme Construction Reserve	Established for the future construction of Eaton Drive from developer contributions.
(d) Collie River (Eaton Drive) Bridge Construction Reserve	Established for the future construction of a bridge over the Collie River and extend Eaton Drive.
(e) Unspent Specified Area Rate - Bulk Waste Collection Reserve	Established to hold unspent specified area rates for bulk waste collection.
(f) Unspent Specified Area Rate - Eaton Landscaping Reserve	Established to hold unspent specified area rates for Eaton landscaping.
Restricted by council	
(g) Employee Relief Reserve	To provide funds for employee related entitlements and relief staff for prolonged employee leave.
(h) Information Technology Reserve	Established for the acquisition or lease of software and computer equipment.
(i) Road Safety Programs Reserve	Established to hold contributions from road transport permits which are to be used for general road safety programs in the Shire.
(j) Tourism Reserve	Established to fund the development of tourism projects including the implementation of works associated with the Gnomesville Master Plan.
(k) Executive & Compliance Vehicle Reserve	To fund the purchase, replacement or lease of Council's executive and compliance vehicles.
(l) Employee Leave Entitlements Reserve	To provide funds for employee purchased leave entitlements under Policy.
(m) Refuse Site Environmental Works Reserve	Established to provide funds for environmental works at the Banksia Road Refuse Site.
(n) Recycling Education Reserve	Unspent recycling education funds for use in special education programs and as a contribution toward the shared Waste Education Officer's salary.
(o) Eaton Recreation Centre - Equipment Reserve	Established for the acquisition, replacement or lease of furniture, fittings, plant or gym equipment at the Eaton Recreation Centre.
(p) Council Land Development Reserve	Established for funding the acquisition or development of Council land for resale.
(q) Sale of Land Reserve	Established to hold funds from the sale of Council land.
(r) Accrued Salaries Reserve	This fund consts of cash backed salaries and wages allocation paid annually into this reserve over a period of 10 financial years to meet the additional cash flow in
(s) Carried Forward Projects Reserve	Established to hold unspent project funds to be carried forward into future financial years. Project funds that are not expended within 2 financial years of their initial
(t) Strategic Planning Studies Reserve	Established for funding strategic studies.
(u) Town Planning Consultancy Reserve	Established to fund the engagement of consultants to undertake Town Planning Studies.
(v) Parks & Reserves Upgrades Reserve	Established to fund the development of Parks and Reserves.
(w) Election Expenses Reserve	Established to fund Council elections.
(x) Pathways Reserve	Established to provide funds for the creation, upgrade and renewal of the Shire's pathway infrastructure.
(y) Asset / Rates Revaluation Reserve	Established to provide funds for asset and rating revaluations.
(z) Refuse & Recycling Bin Replacement Reserve	Established to provide funds for replacement of refuse and recycling bins.
(aa) Storm Water Reserve	Established to ensure preservation of Council's transport storm water infrastructure network independent of grants and contributions.
(ab) Fire Control Reserve	For the purchase, construction and development of fire fighting equipment and buildings.
(ac) Contribution to Works Reserve	Established to account for contributions and donations received from external sources.
(ad) Unspent Grants Reserve	Established to identify unexpended grants and special projects funding.
(ae) Swimming Pool Inspection Reserve	Established to account for unspent Swimming Pool Inspection Levy.
(af) Plant & Engineering Equipment Reserve	To fund the purchase, replacement or lease of Council's heavy plant and engineering equipment.
(ag) Road Construction and Major Maintenance Reserve	Established to provide funds for the upgrade and renewal of the Council's transport infrastructure.
(ah) Building Maintenance Reserve	For the purchase, construction and maintenance of Council buildings.
(ai) Unspent Loan Reserve	Established to hold unspent loan funds.

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29. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2024	Amounts received	Amounts paid	30 June 2025
	\$	\$	\$	\$
Eaton POS	147,006	6,153	0	153,159
Dardanup POS	104,084	4,356	0	108,440
Burekup POS	295,239	12,358	0	307,597
Trust Funds for Land Transaction	42,672	1,786	0	44,458
Auspicing Grant	4,764	0	(4,764)	0
	593,765	24,653	(4,764)	613,654

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30. CORRECTION OF ERROR

The correction of error relates to a historical misstatement of the Bridges - Infrastructure assets, specifically Bridge 5107 - Edwards Road and Bridge 5108 - Offer Road which were incorrectly included in the Shire's fixed assets register. These bridges are owned by Harvey Water and Water Corporation respectively, and the associated risks and rewards of the ownership resides with those entities.

Upon discovery, the management took the necessary steps to remove the assets from the fixed assets register.

As the error originated prior to the 2023-2024 financial year and is considered material, a retrospective correction has been applied in accordance with applicable accounting standards. Consequently, the Statement of Financial Position as at 1 July 2023 and 30 June 2024 have been restated to reflect the correction.

Following the discovery, management conducted a comprehensive review of all Bridges - Infrastructure assets and concluded that the errors were isolated events. Enhancements have since been made to internal control procedures to prevent recurrence of similar errors.

Statement of Financial Position (Extract)	30 June 2024	Increase/ (Decrease)	30 June 2024 (Restated)	30 June 2023	Increase/ (Decrease)	1 July 2023 (Restated)
	\$	\$	\$	\$	\$	\$
Infrastructure	214,260,285	(689,430)	213,570,855	217,130,036	(699,620)	216,430,416
Retained earnings	66,745,487	106,397	66,851,884	57,684,519	96,207	57,780,726
Reserve accounts	14,216,760	0	14,216,760	24,596,016	0	24,596,016
Revaluation surplus	200,201,571	(795,827)	199,405,744	200,201,571	(795,827)	199,405,744
Total equity	281,163,818	(689,430)	280,474,388	282,482,106	(699,620)	281,782,486

Statement of Comprehensive Income (Extract)	2024	(Increase)/ Decrease	2024 (Restated)
	\$	\$	\$
<i>By Nature:</i>			
Depreciation	(6,780,102)	10,190	(6,769,912)
Net result for the period	(1,318,288)	10,190	(1,308,098)
Total comprehensive income for the period	(1,318,288)	10,190	(1,308,098)

RISK ASSESSMENT TOOL								
OVERALL RISK EVENT:		2024/25 Annual Financial Report						
RISK THEME PROFILE:		3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory) Choose an item. Choose an item. Choose an item.						
RISK ASSESSMENT CONTEXT:		Operational						
CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Risk of Council breaching the Local Government Act 1995 – Risk that the audited 2024/25 Annual Financial Report is not received by Council.	Minor (2)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
PROPERTY	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

RISK ASSESSMENT TOOL

OVERALL RISK EVENT: Biannual Risk Management Dashboard Report – December 2025

RISK THEME PROFILE:

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

RISK ASSESSMENT CONTEXT: Strategic

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Failure to fulfil compliance obligations pursuant to the Local Government (Audit) Regulations 1996, Regulation 17.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Council's reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
PROPERTY	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

AUDIT AND RISK COMMITTEE – 2025 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	12 Mar 25	* Apr/ May 25	11 Jun 25	10 Sep 25	10 Dec 25
1. Committee Operation					
Biennial review of the Charter (Terms of Reference). <i>Next Due 2025.</i>	This will be considered at OCM pre-election date.				
Agree on the annual audit work plan; and set priority areas for the coming year.					●
Annual confirmation that all responsibilities outlined in the Charter have been carried out. The annual confirmation will be reported through to Council and will include information about the Committee and the outcomes delivered during the period.					●
New members are briefed on their appointment to assist them to meet their Committee responsibilities. <i>Next Due 2025.</i>					●
Appointment of Presiding Member and Deputy Presiding Member. <i>Next Due 2025.</i>					●
2. Risk Management					
To consider the Risk Management Governance Framework (once in every 3 years) for appropriateness and effectiveness. Current Framework adopted: OCM 28-06-2023 [Res 168-23]	Not applicable – next due 2026				
Receive the biannual dashboard report			●		●
3. Legislative Compliance					
Review the annual Compliance Audit Return (CAR) and report to the Council the results of that review.	●				
Receive the biannual compliance report resulting from the Compliance Manual (incorporating the annual calendar).	●			●	
4. Internal Audit					
Review annually the internal audit annual work plan, including any reports produced as part of special assignments undertaken by internal audit.				●	
5. Financial Reporting					
Consider and recommend adoption of the Annual Financial Report to Council.					●
6. External Audit (OAG)					
Audit Entrance Meeting with Chair and Deputy Chair as representatives of the Audit and Risk Committee, Management and Council Auditors.		*			

AUDIT AND RISK COMMITTEE – 2025 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	12 Mar 25	* Apr/ May 25	11 Jun 25	10 Sep 25	10 Dec 25
To meet with the auditor, at least once per year without management present (closed door session). The Committee will discuss matters relating to the conduct of the audit, including any difficulties encountered, restrictions on scope of activities or access to information, significant disagreements with management and adequacy of management responses.					●
Examine the reports of the auditor to – i.) determine if any matters raised require action to be taken by the local government; and ii.) ensure that appropriate action is taken in respect of those matters.					●
Audit Exit Meeting with Audit and Risk Committee, Management and Council Auditors. To meet with the auditor, once in each year and provide a report to Council on the matters discussed and the outcome of those discussions.					●
To consider that relevant mechanisms are in place to review and implement, where appropriate, issues raised in OAG better practice guides and performance audits of other State and local government entities.	●		●	●	●
7. Regulation 17 Triennial Review (report next Due: March 2027)					
To consider the CEO’s triennial review on risk management, internal control and legislative compliance.	Not applicable – next due 2027				
Set the action plan arising from auditor recommendations from the Regulation 17 review.	Not applicable – next due 2027				
Receive an update on the action plan arising from auditor recommendations from the 2024 Regulation 17 review (until all action items are completed).	●		●	●	●
Receive an update on the action plan arising from auditor recommendations from the 2027 Regulation 17 review (until all action items are completed).	Not applicable – next due 2027				
8. Financial Management Systems Triennial Review (report next Due: March 2025)					

AUDIT AND RISK COMMITTEE – 2025 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	12 Mar 25	* Apr/ May 25	11 Jun 25	10 Sep 25	10 Dec 25
To consider the Financial Management Systems Review required every three years under Regulation 5 of the Local Government (Financial Management) Regulations 1996, and report to Council the results of that review.	●				
Set the action plan arising from auditor recommendations from the Financial Management Systems Review.	●				
Receive an update on the action plan arising from auditor recommendations from the 2025 Financial Management Systems Review.			●	●	●
9. Governance Health & Financial Sustainability Review					
To consider the Governance Health and Financial Sustainability Review, and report to the Council the results of that review when undertaken.	Discretionary item – next due for consideration 2027-2028				
Set the action plan arising from the recommendations from the review.	Discretionary item – next due for consideration 2027-2028				
Receive an update on the action plan arising from the recommendations from the review.	Discretionary item – next due for consideration 2027-2028				
Undertake an independent external assessment of the Committee. This assessment may be included in the scope of the Governance Health and Financial Sustainability Review.	Discretionary item – next due for consideration 2027-2028				
10. Information Systems Security Audit (report next Due: December 2026)					
Receive the audit report arising from the 2 yearly Information Systems Security Audit. <i>Report Next Due: 31-12-2026</i>	Not Applicable – next due 2026				
Set the action plan arising from the recommendations from the Information Systems Security Audit. <i>Report Next Due: 31-12-2026</i>	Not Applicable – next due 2026				
Receive an update on the action plan arising from the recommendations from the 2024 Information Systems Security Audit.	●				
Receive an update on the action plan arising from the recommendations from the 2026 Information Systems Security Audit.	Not Applicable – next due 2026				
11. Business Continuity Plan (report next Due: December 2026)					
To consider the Business Continuity Plan (including disaster recovery) review every 2 years (or after a major event or incident). Current Plan reviewed:	Not Applicable – next due 2026				

(Appendix AAR: 10.4A)

AUDIT AND RISK COMMITTEE – 2025 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	12 Mar 25	* Apr/ May 25	11 Jun 25	10 Sep 25	10 Dec 25
Audit and Risk Committee December 2024 Res Pending					
Receive a summary report on the testing of the 2024 Business Continuity Plan after each test exercise.				●	
Receive a summary report on the testing of the 2026 Business Continuity Plan after each test exercise.	Not Applicable – next due 2026				

** A minimum of four meetings per annum is required, however an additional meeting may be scheduled for April/May 2025 that serves as an audit entrance meeting with Council's appointed Auditors, Chair and Deputy Chair as representatives of the Audit and Risk Committee and management.*

RISK ASSESSMENT TOOL								
OVERALL RISK EVENT: Confirmation of Completed Committee Responsibilities for 2025 RISK THEME PROFILE: 3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory) RISK ASSESSMENT CONTEXT: Operational								
CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.
FINANCIAL IMPACT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Not confirming the committees responsibilities that have been completed would not be in line with the recommendations from the Auditor General's publication (Better Practice Guide), or the Audit and Risk Committee Charter.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Council's reputation could be seen in a negative light for not adhering to the functions of the Charter or the Better Practice Guide.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

(Appendix AAR: 10.4B)

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
PROPERTY	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

RISK ASSESSMENT TOOL								
OVERALL RISK EVENT: 2026 Annual Audit Work Plan RISK THEME PROFILE: 3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory) RISK ASSESSMENT CONTEXT: Operational								
CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.
FINANCIAL IMPACT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Not considering the Annual Work Plan would not be in line with the Audit and Risk Committee Charter.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Council's reputation could be seen in a negative light for not adhering to the Audit and Risk Committee Charter.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
PROPERTY	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

RISK ASSESSMENT TOOL

OVERALL RISK EVENT: 2025 Financial Management Systems Review

RISK THEME PROFILE:

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

RISK ASSESSMENT CONTEXT: Strategic

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Failure to fulfil obligations pursuant to the Local Government (Financial Management) Regulations 1996, Regulation 5.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Council's reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
PROPERTY	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

RISK ASSESSMENT TOOL

OVERALL RISK EVENT: Western Australian Auditor General – Schedule of Reports

RISK THEME PROFILE:

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

RISK ASSESSMENT CONTEXT: Strategic

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Not considering the risks, controls and recommendations arising from the Auditor General's report could have an impact on Council not meeting its compliance requirements.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Council's reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.	Moderate (3)	Unlikely (2)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
PROPERTY	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.



ANNUAL REPORT 2024-25



VISION

Supporting accountability and continuous improvement in the public sector through an informed Parliament and community.

MISSION

Serve the public interest through independent auditing and reporting on State and local government finances and performance.

VALUES

Integrity – Quality – Service

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

On request, we can deliver this report in an alternative format.

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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.

Designed by Noongar artist Justin Martin Wardong, the artwork reflects the work of the OAG. The black dots symbolise the Auditor General reaching out to people and public sector entities throughout Western Australia. It is drawn from Noongar and Yamatji country imagery of black dots representing a black crow, which also has a role in overseeing the countryside.

WELCOME

Welcome to the Office of the Auditor General's Annual Report 2024-25.



This report outlines our performance and the services we delivered during the year to inform Parliament on public sector accountability and performance. It also describes our functions and operations, and presents the audited financial statements and key performance indicators for the year ended 30 June 2025.

We have structured the report around our *Strategic Plan 2021-2025* and the four result areas – strengthening our capability, demonstrating excellence, delivering results, and adapting and innovating. Each year, we choose a result area for our annual report theme. As this marks the final year of our strategic plan, we turn our focus to the concluding theme of delivering results. Through each section, you will see the achievements aligned to each result area. You can access this and earlier annual reports on our website at audit.wa.gov.au.

Feedback

To help us improve our future annual reports we value feedback and comments. You can contact us by:

- emailing info@audit.wa.gov.au
- completing our online form at audit.wa.gov.au/contact-us
- writing to PO Box 8489, PERTH BC WA 6849.



**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

ANNUAL REPORT OF THE OFFICE OF THE AUDITOR GENERAL FOR THE YEAR ENDED 30 JUNE 2025

In accordance with section 63, as modified by Schedule 3, of the *Financial Management Act 2006*, I hereby submit to Parliament for its information the Annual Report of the Office of the Auditor General for the year ended 30 June 2025.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006* and the *Auditor General Act 2006*.

Caroline Spencer
Auditor General
25 September 2025



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ABOUT US

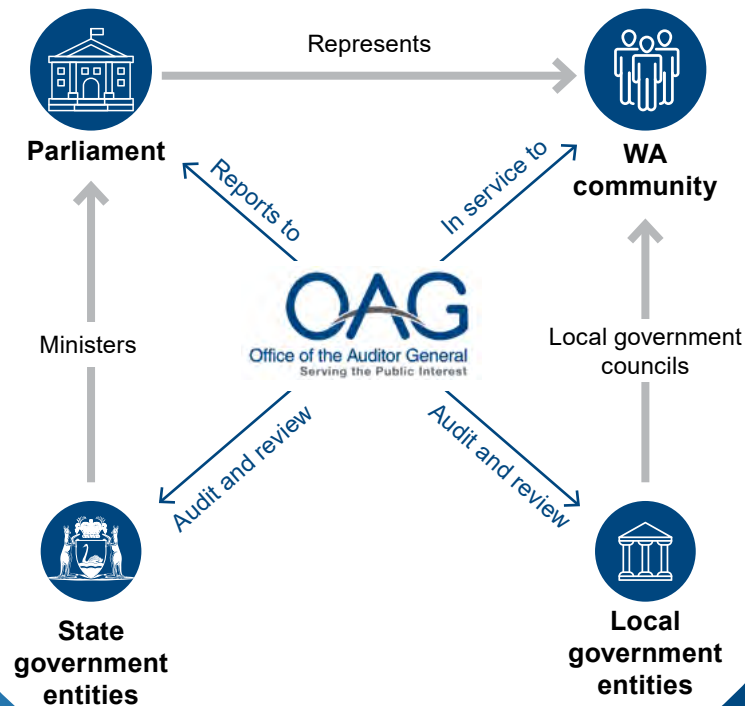


Figure 1: OAG reporting structure to the Parliament

The Auditor General is an independent officer of the Parliament with responsibility for auditing the Western Australian (WA) public sector.

The Auditor General has complete discretion in the performance of these functions. This independence and freedom from pressure, influence or interference is the cornerstone of public sector audit.

The Auditor General is appointed by the Governor of Western Australia for a 10-year non-renewable term on the recommendation of the Treasurer and following consultation with parliamentary oversight committees. The Auditor General serves as an ex-officio member of the State Records Commission and has other responsibilities outlined in a variety of legislation, including the *Commonwealth Electoral Act 1918*.

Ms Caroline Spencer was appointed the State's 19th Auditor General in May 2018.

The Office of the Auditor General (OAG) is the public sector entity that supports the Auditor General. The Auditor General is the chief executive officer and employer of staff.

The Auditor General reports directly to the Parliament of WA. Three parliamentary committees have oversight of our operations – the Legislative Assembly's Public Accounts Committee, the Legislative Council's Standing Committee on Estimates and Financial Operations, and the Joint Standing Committee on Audit.

OUR RESPONSIBILITIES

The Auditor General is responsible for:

- ✓ auditing the Annual Report on State Finances
- ✓ conducting annual financial statement, key performance indicator (KPI) and control audits, and issuing audit opinions for State government entities
- ✓ conducting annual financial statement audits and issuing audit opinions for local government entities
- ✓ undertaking wide-ranging performance audits to ensure there are adequate controls within State and local government entities, compliance with relevant legislation and efficiency and effectiveness of operations or programs
- ✓ undertaking information systems audits on important non-financial computer applications and the general computer controls of entities to determine whether these effectively support the accuracy and integrity of financial statements and KPIs
- ✓ performing forensic examinations and audits to determine if there are indicators of fraud or wrongdoing in the State government sector
- ✓ providing an opinion on whether a minister's decision not to provide information to Parliament was reasonable and appropriate
- ✓ functions under other legislation such as certifying compliance with grants or other conditions
- ✓ reporting the results of audits to Parliament in an objective, competent, insightful and timely manner.

In 2024-25, we achieved this at a cost of \$57.5 million, with 234 employees and the professional resources of 16 contract audit firm delivery partners.

OAG OVERSIGHT

We are often asked, 'who audits the Auditor General'? The answer is that many people do. Various oversight and review processes hold us accountable to those we serve. This assures us and our stakeholders that our processes work well, are efficient and can change when necessary.

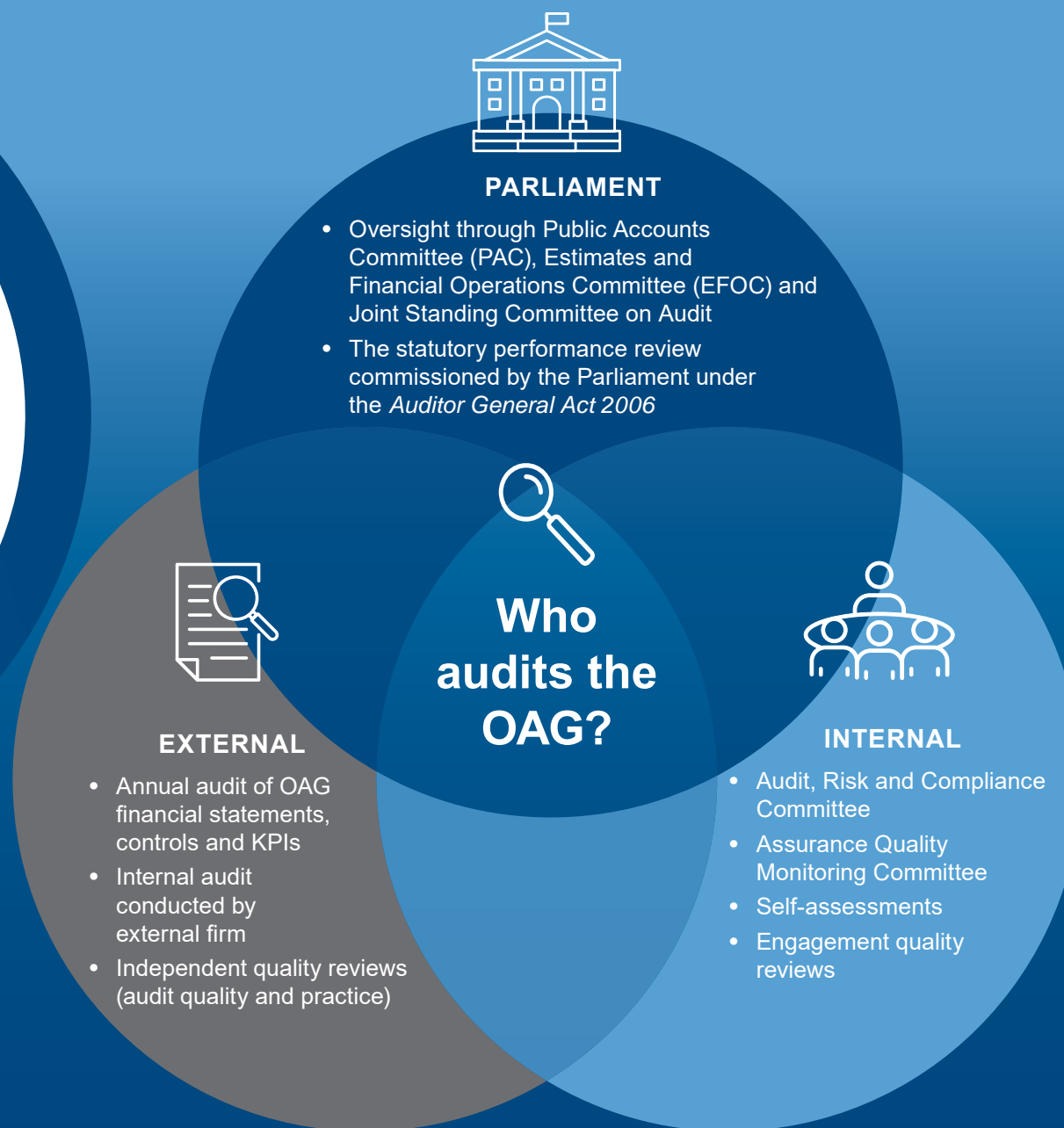


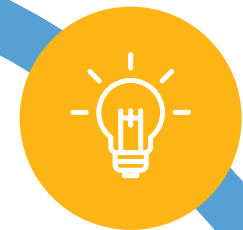
Figure 2: Oversight of the OAG



EXECUTIVE SUMMARY FROM THE AUDITOR GENERAL



“The Parliament I serve has gone through a process of renewal following the March 2025 election. There is also a period of renewal and reform across the public sector.”





New faces in Parliament and across the public sector

The Parliament I serve has gone through a process of renewal following the March 2025 election. I congratulate the 40 new members who have taken their seats, and acknowledge the service of those members who retired or were not returned.

I've already had the pleasure of briefing many of the new members on the role of the Office and have been encouraged by their interest in our work. I am especially looking forward to engaging with the new members of our oversight committees: the Legislative Assembly's Public Accounts

Committee (PAC), and the Legislative Council's Standing Committee on Estimates and Financial Operations (EFOC). Both play a vital role in using, supporting and scrutinising the work of my Office.

There is also a period of renewal and reform across the public sector with the appointment of five new Directors General, along with a new Ombudsman and Information Commissioner. I wish these officers all the best in their respective roles and look forward to supporting them in the delivery of quality public administration as the latest machinery of government changes come into effect.

While challenging, it will be critical for public sector leaders to maintain their vigilant efforts of recent years to arrest what had been a sharp upward trend in financial audit qualifications and significant control findings. The 2024 financial audit cycle produced a second consecutive year of improved results with 26 qualifications across 16 entities. Notwithstanding these results, sustained commitment, focus, resource allocation and resolve is required to bring the number of qualifications back to historical averages. This will underpin community and investor confidence in the strength of public governance in our State entities.

Independent reporting and recommendations drive public sector improvements

The results of our scrutiny of WA public sector operations is reported to Parliament. This scrutiny creates the opportunity for meaningful change in the public sector to benefit the Western Australian community. Over the past year we have completed reports on a range of public sector services and operations and, where necessary, we have provided clear findings and relevant recommendations to drive improvements.

Our reports examined a diverse range of topics including the child protection information system, Pathwest laboratory information systems, water licences, threatened ecological communities, major IT projects, WA student assistance payments and DevelopmentWA land transactions, along with our regular reports on the results of our annual financial and general computer controls audits of the State, local government and tertiary sectors.

Our financial audits alone identified additional disclosures and billions of dollars of error, most requiring adjustment before they could be signed off, and over one thousand financial control

weaknesses. This demonstrates both the value of audit, and a capacity and capability shortfall within public sector entities.

While we tabled fewer reports than planned (24 in the year, rather than 28) a number of these audits were of a larger scale and were more complex. These larger-scope audits required extensive analysis and were equivalent to the workload of multiple standard audits. While resource-intensive, these audits delivered deeper insights and greater impact, and therefore greater opportunity for improvements in public sector performance and accountability.

Along with our audits, we also continued to provide a high level of support to public sector entities. This includes fraud resilience forums, audit committee chair forums and a better practice guide on supplier master files. Our better practice guide and toolkit on audit readiness from June 2023 continues to be the most accessed report on our website.

Value of our work shines in review

In last year's annual report, I shared that our Office was undergoing a significant review, mandated under the *Auditor General Act 2006* and scheduled every



five years, the first since I was appointed to the role in May 2018. The process involved extensive engagement with the independent reviewers appointed by the Parliament's Joint Standing Committee on Audit, full transparency on how and why we do what we do, and a commitment on our part to being a model auditee.

I'm pleased to report that the review affirmed the strength and professionalism of our Office, highlighting our robust systems, processes and effective communication with stakeholders. The reviewers noted that we have been operating in an environment of significant volatility and growth in our remit and acknowledged the open and collaborative way we engaged with them to provide information.

While areas for improvement were identified, there were no fundamental or adverse findings. The overall findings confirm that the OAG is well-functioning, a testament to the dedication, diligence and hard work of my staff. As an organisation committed to continuous improvement, we accept all 22 recommendations and areas of improvement opportunities and have already addressed 16 and are in the process of addressing the six remaining.

The review highlighted one area of particularly unique and high value work to the community, our information systems

audit function. Our audits in this space deliver a sophisticated program of work and help to uplift cyber awareness and systems across the WA public sector. They provide critical assurance that sensitive information is protected, and systems are functioning as intended.

A clear example is our audit of the laboratory information system supporting PathWest. While the system effectively supports operations, we identified significant weaknesses that posed risks to sensitive health data. Considering the public interest, I delayed publication of the report, in accordance with sections 7(6) and 25(1) of the *Auditor General Act 2006*, until PathWest addressed key vulnerabilities. This action underscores our commitment to responsible auditing, protection of sensitive information and reporting in the public interest.

Acknowledging our challenges

I am frequently reminded of both the opportunities and the challenges our Office continues to encounter. A focal point remains local government audit fees. We know that ensuring these fees are both adequate and fairly structured is crucial, not just for the sustainability of our audit services, but also to meet the expectations of the communities we serve.

We are continually exploring ways to minimise local government audit fee increases in the areas we can influence. We are working to bring more audits in-house and are now considering the merit of a stricter cut-off date for all audits before the statutory year-end deadline. This may result in higher numbers of modified audit reports, but it will reduce the disproportionate amount of time our teams spend in a small number of very troubled entities. This could reduce average audit costs and lead to more timely reporting to Parliament on matters of significance in certain local governments. Our oversight committees, the EFOC in particular, remain focused on our response to these challenges. This scrutiny is appropriate and welcome.

Operating within our budget also remains a priority. Like all public sector entities, we are called upon to do more in an environment of rapid price inflation. This year is the fourth operating deficit in a row, despite a disciplined approach to managing our resources. Our commitment to financial oversight and careful allocation means we are closely examining any areas of possible inefficiency that has arisen in our own operations during recent years of rapid growth in functions, upgrades of systems amidst a disrupted operating environment and vacancies in key roles. Our investment

in enhanced management reporting, is bringing our performance in key areas of service delivery and corporate support into sharper focus, allowing us to more quickly course correct by better monitoring of more detailed aspects of our operations.

The increasing complexity and volume of our audit work has certainly meant more demands on our dedicated teams. Balancing this workload and maintaining our capacity is a continual challenge. We regularly review our priorities and invest in our people to ensure we can deliver quality audits, even as expectations grow.

We continue to face skill shortages, especially in key specialist areas such as financial, performance and information systems auditing. This trend has been seen across audit offices in Australia and New Zealand, driven by a global shortage of skilled auditors. We also have an ongoing commitment to retain staff through training and upskilling opportunities, and by fostering a collegiate atmosphere in the workplace.

Engaging with our diverse range of stakeholders is another important aspect of our work. We strive to remain accessible and responsive, while always upholding our independence and objectivity. In an environment where public accountability and transparency are paramount,

maintaining this balance is as important as ever.

Notwithstanding these challenges, audit quality remains at the heart of what we do, and we are unwavering in our commitment to high standards. We are acutely aware of our need to lead by example.

Advancing our vision through a new strategic plan

I am pleased to launch our Strategic Plan 2025-30. This document is designed to be a roadmap and a commitment to continuous improvement. It focuses on strengthening our foundational capabilities: our people, systems and processes, while ensuring our approach reflects the three Es: ethical,

effective and efficient. Developed with staff input, stakeholder engagement, and analysis of our performance and external practices, the plan is responsive to our current context and future challenges.

A key feature is our deliberate and measured approach to artificial intelligence and data analytics. While we recognise the potential to enhance audit quality and efficiency, we are moving forward cautiously with security of data a key consideration. These technologies will be adopted responsibly, with the right skills and safeguards to protect confidentiality and maintain trust and professional judgement, ensuring alignment with our audit mandate. I look with optimism to seeing our talented



team bring the plan to life, and continuing to deliver audits that make a real impact across the public sector.

IMPACT 2025: Strengthening the value of performance audit in a time of change

A standout moment of the year was hosting the fourth International Meeting of Performance Audit Critical Thinkers (IMPACT) conference in Perth on behalf of the Australasian Council of Auditors-General. The conference brought together leaders and practitioners who challenged and inspired us. From reflections on trust and leadership to practical tools for behavioural insights. It reinforced that our work is not only technical but deeply human, grounded in values of integrity, accountability and service.

In my opening address, *The green pen: mightier than the sword and a symbol of trust in tumultuous times*, I reflected on the enduring symbolism of the green pen, once used to mark auditor scrutiny and still today a reminder of the trust placed in our work. In a time of global uncertainty and declining trust in institutions, performance auditors must remain steadfast in their independence, guided by evidence and committed to the public interest. The green pen serves as a symbol of that

responsibility and a source of inspiration for auditors navigating today's complex environment.

It was a privilege to welcome delegates from across the globe to Western Australia for two days of rich discussion, collaboration and learning. This wasn't just a conference, it was a powerful platform for inspiring better auditors, all in service of delivering greater value to our communities. I am incredibly proud of my team for delivering such a successful event and grateful to all who contributed. IMPACT 2025 reminded us that when we come together to share knowledge and challenge thinking, we strengthen our profession and our collective impact.

Delivering results with independence, integrity and quality

As I reflect on my seventh year as the Auditor General, I am reminded of the unique structure that defines this role. The non-renewable 10-year term is more than a technical detail, it is a cornerstone of my Office's independence. It allows the Auditor General to carry out their duties without concern for reappointment, ensuring that decisions are guided solely by evidence, the public interest and a drive to see the public sector doing the job that we, as citizens,

entrust them to do. This model supports transparency, accountability, and public confidence, while also providing stability and the opportunity for fresh leadership at the end of each term.

I remain deeply committed to ensuring the work of the Office of the Auditor General continues to reflect the values of independence, integrity, quality and service. The findings of our audits in the past year have reaffirmed the importance of our role and the strength of our people, and I am confident that with our strategic focussed priorities, the Office is well placed to meet the challenges and opportunities that lie ahead. I thank my team for their dedication and professionalism, and I look forward to our work continuing to deliver useful information and insights for the Parliament, the public sector and the Western Australian community.

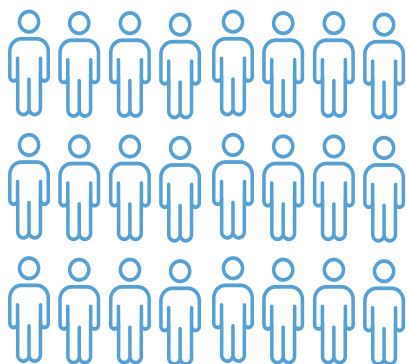


Caroline Spencer

Auditor General

YEAR IN REVIEW

About us

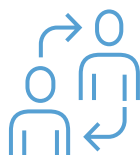


234
employees

37%
from culturally and
linguistically diverse
backgrounds



7
graduates started
in February 2025



15
people in and out
on secondments



Over
21,000
hours spent on
professional development

We audited

supported by
16 contract audit
firms

State government



162 entities
and subsidiaries



employing over
180,000
people



managing over
\$170 billion
in assets

Local government



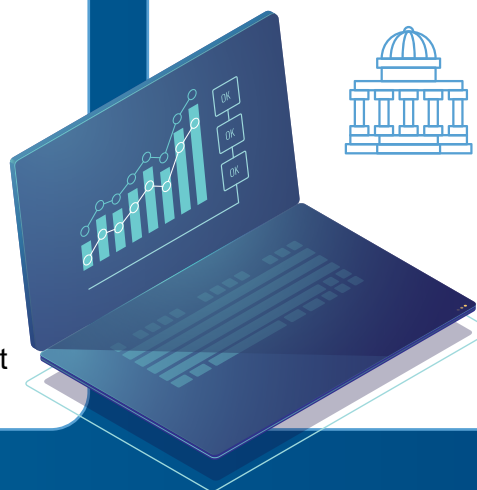
147
entities



employing over
25,500
people



managing over
\$57 billion
in assets



We delivered**24**

reports to Parliament including better practice guidance on

2 topics**305**

opinions on financial statements that reported over

1,800

financial management and information system control matters to management

**50**

certifications of financial and statistical information

**2**

Audit Committee Chair Forums

2

Fraud Resilience Forums

IMPACT

International Meeting of Performance Audit Critical Thinkers

We were told**84%**

of parliamentarians read, referred to or used our reports and communications

92%

of State government entities value our recommendations to improve their financial management and internal controls

90%

of local government entities value the assurance they obtain from the audit of their financial report

**We responded to**

over

155

complaints and referrals

We celebrated

our 2023-24 annual report winning the W.S. Lonnie Memorial Trophy and Shield, the Allan Skinner Trophy, the Award for Good Governance, the Office of the Auditor General Award for Transparency and Accountability, and the Gold IPAA WA W.S. Lonnie Award for the 101 – 1000 FTEs category for our annual report



our 2023-24 annual report winning a Gold Australasian Reporting Award

HIGHLIGHTS 2024-25



Parliamentary review

An independent parliamentary review determined that our office operates efficiently and is supported by skilled, professional auditors, with comprehensive systems and procedures in place to ensure the effective communication of audit results to parliament and entities.



IMPACT – International Meeting of Performance Audit Critical Thinkers

In April 2025, we hosted the fourth International Meeting of Performance Audit Critical Thinkers (IMPACT) conference which was a resounding success. The conference saw a variety of speakers, including a number of plenary speakers who shared their valuable insights and experiences. Delegates from the global auditing community were inspired and equipped with new ideas to tackle the challenges of performance auditing in an era of rapid change and complexity.



Reporting recognition

This year, we clinched the W.S. Lonnie Memorial Trophy and Shield. Winning the top award reflects our commitment to excellence in annual reporting and underscores our dedication to transparency, accountability and clear communication with our stakeholders. This recognition motivates us to continue achieving high standards in our reporting practices and setting an example within the WA public sector.



Audit methodology and tool

The final phase of our audit methodology and tool project was completed this year with the development of new methodologies relating to key performance indicators, intra-office opinions (a process where an audit team provides assurance to another audit team on the controls of an audited entity) and grant acquittals. TeamMate+, our new audit tool, is fully integrated into our standard operational processes and our new methodologies have been applied to all audits since the 2024 tertiary sector.

SIGNIFICANT ISSUES 2025-26



Capacity and resourcing

There is a global shortage of skilled auditors and we continue to face skills shortages in key specialist areas such as financial, performance and information systems auditing. We are implementing initiatives to improve audit efficiency and bring more audits in-house to enhance quality and manage costs. Currently, 52% of State sector and 87% of local government audits are outsourced. While tender prices are stabilising, growth in professional fees and recent public sector pay rises remain above CPI, contributing to our rising costs that must be offset by higher financial audit fees charged to State and local government entities.



Ongoing audit complexity

Audits are becoming more complex and delays in entities addressing major financial and IT control weaknesses are increasing risks to financial and performance reporting. Frequent and significant findings mean audit effort will remain high for several years. As a result, our audit teams and senior staff are required to apply additional scrutiny to maintain audit quality and consistently report issues across the sector.



Machinery of government changes

Previous government restructuring has shown that affected entities often need to operate multiple financial, human resource and administrative systems simultaneously for an extended period. Furthermore, some State entities are still in the process of defining outcome-based management structures and appropriate KPIs to best reflect their success. These changes add to the complexity of audits and require additional effort to ensure proper evaluation and oversight.



Improving audit efficiency

We remain focused on improving our audit efficiency to the greatest extent possible. Audit planning is being refined to focus on key risks and adapt procedures to current conditions. Additionally, broader improvements are being pursued, including greater use of data analytics to streamline audit processes.

OUR PERFORMANCE

Financial performance

Full details of our financial performance are presented in the financial statements from page 127. The following summarises our actual versus target financial performance for 2024-25.

	2024-25 Actual \$'000	2024-25 Estimate \$'000
Total cost of services	57,511	53,781
Total income other than income from State Government	13,348	12,505
Net cost of services	44,163	41,276
Net increase/(decrease) in cash held	2,205	(504)
Total equity	20,189	20,541

Table 1: Key elements of our financial performance

The total cost of services is higher as a result of increases in public sector wages, professional services costs and the time required to resolve prior-year audit findings. The rise in audit cost is expected to persist until audited entities fully address financial and IT control weaknesses.

Key effectiveness performance

Our effectiveness indicator measures the extent to which we inform Parliament about public sector accountability and performance against four specified categories:

- service delivery – focused on the direct provisions of government services to the public and other entities
- economic development – focused on government operations that support the economic advancement of WA and its interaction with the private sector
- social and environment – focused on government operations that support the social and environmental wellbeing of the people of WA
- governance – focused on entities' internal operations such as accountability and compliance with legislation.

Report category	2024-25 Actual	2024-25 Target	Status
Service delivery	2	8	✗
Economic development	2	4	✗
Social and environment	3	4	✗
Governance	17	12	✓
Total	24	28	✗

Table 2: Our effectiveness indicator

The decline in tabled reports this year was due to a number of factors, primarily the increasing complexity and scale of audit work. Large-scope audits, such as some forensic examinations, required extensive analysis and senior staff involvement – equivalent to the workload of multiple standard audits. These audits, while resource-intensive, deliver deeper insights and greater impact, helping to improve public sector performance and accountability. Staffing challenges also affected delivery, with difficulties in recruiting and retaining skilled staff affecting capacity across all business units, particularly in financial and performance audit delivery roles.

This year was the start of our three-year reporting period. We plan to table 84 reports across three years. We planned to table 28 this year but did not. While we aim to meet our report targets, we will not compromise the quality of our reports to achieve a quantitative measure.

Report category	2024-25 to 2026-27	
	Tabled	Target
Service delivery	2	24
Economic development	2	12
Social and environment	3	12
Governance	17	36
Total	24	84

Table 3: Three-year report target

Key efficiency performance

Our efficiency indicators measure our overall efficiency in delivering public sector auditing. The indicators report our costs (relative to public sector expenditure) and the average number of days taken to issue our financial audit opinions, which is heavily impacted by the timely submission of quality accounts and information by entities.

Efficiency indicator	2024-25 Actual (\$)	2024-25 Target (\$)	Status
Total audit cost per million dollars of total public sector expenditure	576	625	✓
Total financial (attest) audit cost per million dollars of total public sector expenditure	467	470	✓
Total performance (non-attest) audit cost per million dollars of total public sector expenditure	109	155	✓
Average number of days taken after balance date to issue financial audit opinions for State government entities	68 days	68 days	✓
Average number of days taken after balance date to issue financial audit opinions for local government entities	70 days	68 days	✗

Table 4: Our efficiency indicators

The lower total audit cost per million dollars of total public sector expenditure is primarily attributed to the OAG's expenditure not increasing at the same rate as overall public sector spending. In addition, the OAG remains committed to enhancing internal efficiencies, acknowledging the increasing financial pressures faced by public sector entities and the community. To address these challenges, the OAG has enhanced its risk targeting in audit planning and better tailored procedures to reflect these risks in the current operating environment.

Full details of our key performance indicators including five-year trend data are available from page 162.

PERFORMANCE MANAGEMENT FRAMEWORK

State government entities work together to achieve the four high level goals and broader strategic outcomes of the State Government. The services and activities they deliver are linked to the goals and contribute to achieving the desired outcomes.

The OAG is a public sector entity established to support the Auditor General. The Auditor General is an independent officer of the Parliament and as such reports directly to Parliament and ultimately the people of WA, providing assurance about the efficient and effective delivery of services and the responsible management of the State's finances. We provide oversight of entities' performance aligned to the four Government goals:

Government goal	Outcome
Safe, Strong and Fair Communities	Supporting our local and regional communities to thrive
Strong and Sustainable Finances	Responsible, achievable, affordable budget management
WA Jobs Plan	Diversifying the WA economy, creating local jobs for the future
Investing in WA's Future	Tackling climate action and supporting the arts, culture and sporting sectors to promote vibrant communities

Table 5: State Government goals

Our desired outcome against Government goals and the service we provide reflects this:

Desired outcome against Government goals

An informed Parliament on public sector accountability and performance

Service provided

Public sector auditing

Key effectiveness indicator

The extent that the OAG is effective in informing the Parliament about public sector accountability and performance is measured by the number of tabled reports compared to the annual target for each of the following categories of audit matter:

- service delivery
- economic development
- social and environment
- governance.

Key efficiency indicator

The OAG is responsible for undertaking the external audit of the WA public sector. This is done through audits of financial statements, controls, key performance indicators, efficiency and effectiveness, and reporting the results to the Parliament. Efficiency is measured by the:

- audit cost per million dollars of total public sector expenditure
- days taken to issue financial audit opinions.

ENABLING LEGISLATION

The Governor appoints the Auditor General under the *Auditor General Act 2006*. The OAG is a department of the public sector under the *Public Sector Management Act 1994*. As the accountable authority, the Auditor General must discharge responsibilities under the *Financial Management Act 2006*.

Key legislation

We have processes and controls in place to ensure that we comply with all State and Commonwealth legislation and regulations that affect our activities, including laws affecting entities and activities subject to audit by the Auditor General. The following Acts have a direct impact on our operations:

- *Auditor General Act 2006*
- *Constitution Act 1889*
- *Disability Services Act 1993*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Government Trading Enterprises Act 2023*
- *Industrial Relations Act 1979*
- *Local Government Act 1995*
- *Minimum Conditions of Employment Act 1993*
- *Privacy and Responsible Information Sharing Act 2024*
- *Procurement Act 2020*
- *Public Interest Disclosure Act 2003*
- *Public Sector Management Act 1994*
- *Salaries and Allowances Act 1975*
- *State Records Act 2000*
- *Work Health and Safety Act 2020*
- *Workers Compensation and Injury Management Act 2023*.

(Appendix AAR: 10.7B)



EXECUTIVE MANAGEMENT GROUP

The OAG Executive Management Group (EMG) is made up of our senior leaders who support the Auditor General to govern, plan, manage and lead our business. They meet informally weekly, hold formal meetings eight times a year and engage in strategic planning sessions approximately twice per year. These sessions help shape the strategic direction and organisational values that define our operations. EMG also oversee strategy implementation and evaluate performance against established targets.

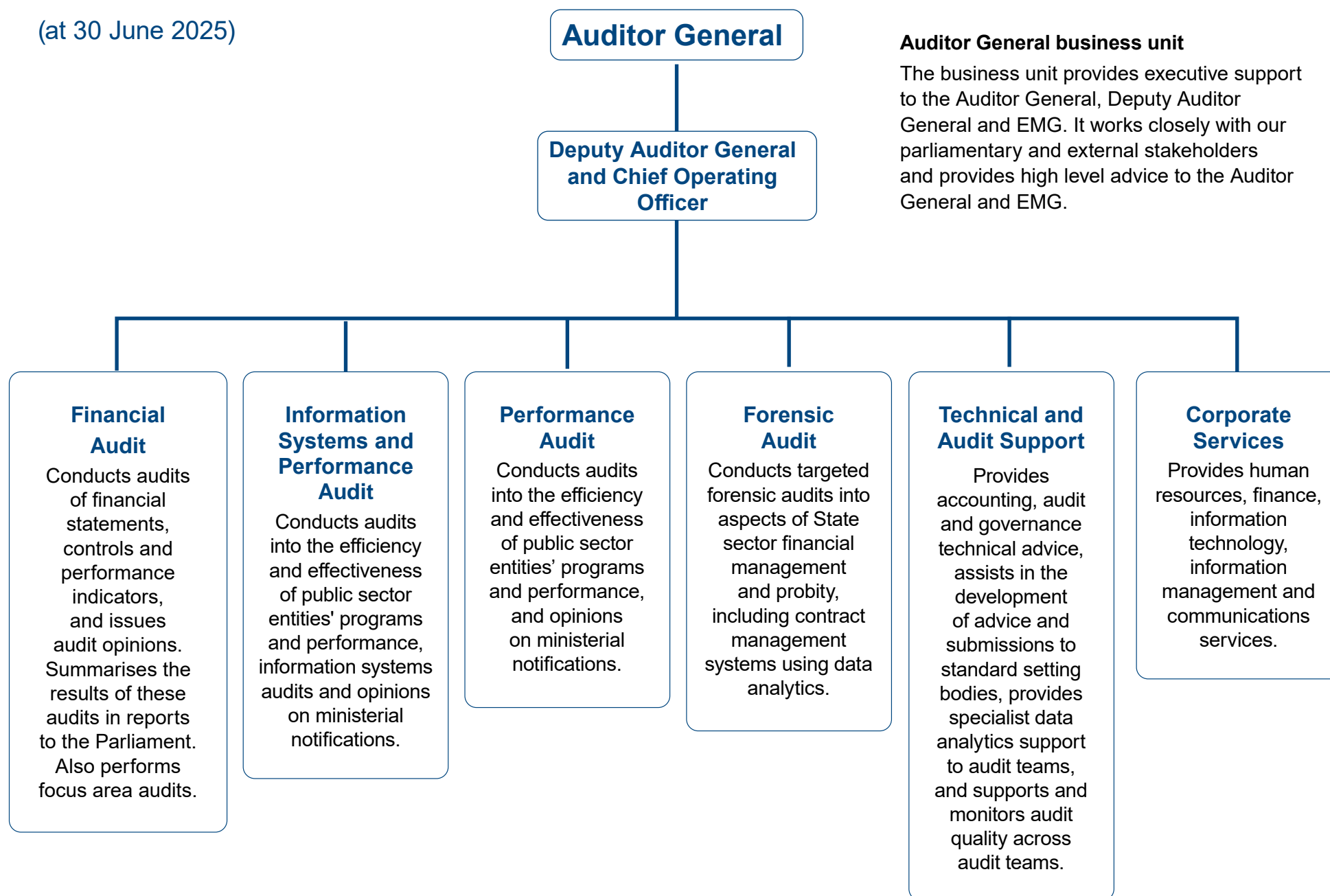
A number of committees provide EMG with strategic, operational and administrative support and advice:

- ✓ Audit, Risk and Compliance Committee (ARCC) provides independent assurance to the Auditor General and EMG about risk management, internal audit, performance, compliance and control frameworks (page 62).
- ✓ Assurance Quality Monitoring Committee (AQMC) monitors that risks to quality across all functions are identified and responded to effectively (page 66).
- ✓ Information Governance Committee (IGC) governs technology, security and information management (page 118).
- ✓ Office Consultative Committee (OCC) facilitates two-way communication between EMG and employees about workplace issues (page 36).
- ✓ Work Health and Safety (WHS) Committee facilitates consultation and cooperation between EMG, managers and workers to ensure our staffs health and safety at work (page 52).



OAG structure

(at 30 June 2025)



Executive Management Group biographies



Caroline Spencer

BBus, FCPA, FCA, GAICD, FGIA, FCIS

Auditor General

Caroline was appointed Auditor General in May 2018. Caroline led a public sector audit and governance firm in Canberra prior to her appointment. She has held a number of board and committee roles in various sectors across several jurisdictions. Caroline is an ex-officio member of the State Records Commission and a member of the Australian Accounting Standards Board.



Sandra Labuschagne

BCompt, Hons BCompt, CA (SA), CA

Deputy Auditor General and Chief Operating Officer

Sandra joined the OAG in 2012 and was appointed Deputy Auditor General in December 2018. She was designated as Chief Operating Officer in 2020. Sandra has extensive public and private sector auditing experience in South Africa, New Zealand and Australia.



Grant Robinson

BCom, FCA, FAICD

Assistant Auditor General Financial Audit

Grant joined the OAG in 2021 as Assistant Auditor General Financial Audit. Prior to this, he was a partner of KPMG and has experience as a chartered accountant and business advisor, as well as being a non-executive director of various organisations. Grant is experienced in external audit, financial analysis, compliance, governance and risk management.



Aloha Morrissey

BBus, Grad Dip Bus Admin, CPA

Assistant Auditor General Information Systems and Performance Audit

Aloha joined the OAG in 2002 and was appointed Assistant Auditor General in 2019. Prior to joining the OAG, Aloha held a range of investigation and audit positions with the Australian Securities and Investments Commission and the Australian Taxation Office.



Jason Beeley

BA Hons (Oxon), Dip Strategic Studies

Assistant Auditor General Performance Audit

Jason joined the OAG in 2006 and was appointed Assistant Auditor General in 2009. Jason previously worked with the UK National Audit Office conducting and managing value for money studies, mainly of the Ministry of Defence.

**Carl Huxtable**

BCom (Acc), CA

**Assistant Auditor General
Forensic Audit**

Carl joined the OAG in 2020 and was appointed Assistant Auditor General in January 2022. A registered liquidator prior to joining the OAG, Carl has extensive experience in financial investigations involving fraud and misconduct, many of which resulted in reports to regulators, enforcement entities and the courts.

**Wian Oosthuizen**BAcc, Hons BCompt, Hons BAcc,
CA (SA), CA**Assistant Auditor General
Technical and Audit Support**

Wian joined the OAG in 2021 and was appointed Assistant Auditor General of Technical and Audit Support in July 2024. He has State and local government auditing experience, including with the Auditor General of South Africa, where he was a Senior Technical Manager.

**Michael Cooper**

BSc, GAICD, AFAIM

**Executive Director
Corporate Services**

Michael joined the OAG in 2020 and was appointed Executive Director Corporate Services in September 2021. He has experience in the information technology sector and extensive experience leading large, dynamic teams across both public and private sectors.

**Renuka Venkatraman**

B.Com, CA (India), MPA

**Executive Director
Business Improvement**

Renuka joined OAG in 2009 and brings over 25 years of financial audit experience across India, the Middle East and Australia, spanning private and public practice. As a participant in the Public Sector Commission's 2024-25 Women in Executive Leadership program where she works as part of OAG's executive leadership for 12 months, she has been involved in implementing key strategic initiatives focused on integrating data analytics and artificial intelligence into audit processes.

OUR STRATEGIC PLAN AND DIRECTION

This is the last year reporting against our Strategic Plan 2021-2025. The plan centres around the following four pillars which we have identified as important in achieving our vision and mission.

Strengthening our capability – our people will always be our priority. We are committed to enhancing the skills and leadership potential of our employees while positioning ourselves to be an employer of choice. A capable and adequately staffed workforce will enable us to execute our strategy effectively and advance our vision of supporting accountability and continuous improvement in the public sector.

Demonstrating excellence – we lead by example, setting the benchmark for other public sector entities. We strive to not only meet but exceed the governance standards we expect from the entities we audit.

Delivering results – guides our focus on impact, ensuring our work strengthens public sector accountability and performance. We will provide credible assurance reports and expert advice that give Parliament, entities and the public confidence in our findings and recommendations. While we will always strive to meet our targets, we will prioritise quality reports over quantity.

Adaptation and innovation – we will enhance not just our tools, but our ways of thinking. We will introduce modern, secure and resilient information systems while cultivating an office culture that embraces change, encourages inquiry and fosters innovation. By integrating new technologies and refining methodologies, we will streamline processes and strengthen our ability to serve the evolving needs of our sector.



Our strategic plan is reinforced by individual business unit plans, as well as dedicated people. These plans outline specific initiatives that each business unit will undertake to drive our whole-of-office goals. Every initiative is linked to key performance indicators, ensuring a clear and measurable framework for reporting in EMG meetings.

Following our trend in focusing on one of the pillars of our strategic plan, this year we highlighted how we are delivering results.

This is the final year of our current strategic plan and the focus this year was closing out the current plan and determining our new strategic direction.

Four pillars form the basis of our strategic plan:



**Strengthening
our capability**



**Demonstrating
excellence**



**Delivering
results**



**Adapting and
innovating**



Scan the
QR code
to read our
strategic plan

Over the past five years we achieved many successes through a number of difficult years disrupted by COVID and a tough labour market. As well as delivering our audit program we built our capacity and capability with the introduction of new functions in local government and forensic auditing, and the parliamentary review of our performance identified us as a well-functioning office.

Summary of 62 items:



Achieved:
54 items



Partially achieved:
2 items



Deemed not required:
3 items



In new plan:
3 items



Achievements from our Strategic Plan 2021-2025



Strengthening our capability



We extended our graduate program beyond financial audit to include performance audit and information systems audit streams. Recognising the ongoing skills shortage, we are committed to investing in growing our own talent and shaping a dynamic and skilled audit workforce.



We established a Forensic Audit business unit that has evolved from learning-by-doing to delivering in-depth, cross-entity examinations. The team has also contributed to the uplift of fraud capability across the public sector through hosting fraud resilience forums, publishing better practice guides and collaborating with other integrity agencies.



We rolled out the Employee Expectations framework to support career development, strengthen performance conversations and align with modern HR practices.



We also attained and have maintained employer partner status with CPA Australia.



Demonstrating excellence



We were subject to an independent parliamentary review that found we are a well-functioning office, staffed by professional auditors, with robust systems and processes to effectively communicate the results of audits to parliament and entities.



We delivered two international conferences on behalf of the Australasian Council of Auditors General, one in-person and one online, that strengthened the collective impact of global performance auditors through collaboration and learning. The conferences saw a variety of speakers who shared valuable insights and experiences.



We strengthened our system of quality management to enhance audit quality in response to updated Australian standards.



We supported Parliament through our reports and communications, with the biennial survey confirming strong engagement and continued value to parliamentarians.



Delivering results



Our mandate was expanded to include the financial and performance audit of the local government sector to increase transparency and accountability of the sector and provide assurance to the Parliament and the community. This is now embedded as business as usual.



We have streamlined our performance audit methodology and enhanced our financial audit methodologies. Our new methodologies are contemporary, fit for purpose and incorporate industry best practices.



We introduced an updated information systems capability maturity model that builds on and expands the number of general computer control categories. The model provides more information to entities and Parliament on the discrete state of system, information and cyber security in the public sector, and what needs to be done to improve it.



Adapting and innovating



We implemented a new audit management tool to drive greater efficiency across all our audits and upgraded to a new version with enhanced functionality and features. The tool which is fully integrated across all audit units has streamlined compliance with auditing standards.



We established a specialised data analytics team to improve data literacy across the office, and increase efficiency in audits. Our improved data capabilities lead to deeper data analysis, better risk identification, and more effective audit planning and corporate management.

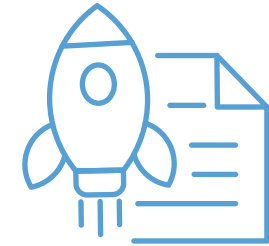


We improved our maturity ratings in cyber security under a national framework to enhance our security posture and controls.



We replaced our ageing and legacy financial system with a new system.

New strategic plan



In February 2025, EMG focused on the strategic direction for the Office and

development of a new strategic plan that will outline our direction for the next five years and establish the principles that will guide our decision-making and actions. We want the plan to resonate with all our staff, as it is important that we are all on the same page.

What's new in the plan:

- added independence to our explicit values of integrity, quality and service, as recent events confirmed its critical importance
- identified the who, what, why and how we do what we do
- introduced the three Es, explicit guiding principles for our actions and decisions – ethical, effective and efficient
- refined priority pillars – organisational capability, excellence and results.





OUR EMPLOYEES OUT AND ABOUT



1



3



4



5



7



8



6

- 1 Auditors Talia Channer, Adam Lines and Daniel Franks at Perth Zoo during the Administration of Personal Leave audit
- 2 Auditor General Caroline Spencer visiting Southern Ports while in Albany
- 3 Members of our Information Systems Audit team attending the Perth Cyber Security Conference
- 4 Financial Audit group 2 team building over frozen yoghurt
- 5 Information systems auditor Sean Spiegel and HR team members Cass Vaeveamaki and Elle Moore at a graduate expo
- 6 Members of the Main Roads financial audit team enjoying a team breakfast
- 7 Staff celebrating the end of the financial year at the Social Club lunch
- 8 Financial auditor Hanlu Yi during the South Metropolitan TAFE audit



STRENGTHENING OUR CAPABILITY



In 2024-25 we:



delivered an international conference that strengthened the collective impact of performance auditors through collaboration and learning



rolled out the Employee Expectations framework to support career development, strengthen performance conversations and align with modern HR practices



welcomed seven graduates to start their public sector career with us in financial, performance and information systems audit and a dedicated Talent Management Coordinator to uplift our graduate program.

STRENGTHENING OUR CAPABILITY

What is our objective?

- build on our solid foundations to strengthen the skills and leadership capability of our motivated workforce

How will we do it better?

- broaden the appeal of the OAG
- enhance the efficiency of our recruitment processes
- reinforce a supportive work environment that presents interesting opportunities that challenge and develop people
- offer professional development journeys that support career pathways
- promote and support cross-portfolio experiences and networking opportunities
- provide regular messages and experiences for our staff that reinforces the value of our unique and important mission and their contribution to that

What we do

- attract, develop and retain the people we need

What does success look like?

- a resilient and collaborative workforce
- a published training menu aligned with our workforce capability framework that includes leadership development pathways
- positive employee satisfaction survey



OFFICE CONSULTATIVE COMMITTEE

The Office Consultative Committee (OCC) supports positive and constructive consultation by facilitating two-way communication between our Executive Management Group and employees about workplace issues.

The members of OCC are employees from across the office to ensure broad representation and diverse views.



Members

- Grant Robinson, Chair
- Sussan Fowler, Information Systems and Performance Audit
- Sheri Hudson, Technical and Audit Support
- Bruce Miller, Union representative
- Elle Moore, Human Resources
- Charli Nguyen, Corporate Services
- Beth Nicholls, Human Resources
- Raghav Singhal, Financial Audit
- Sean Spiegl, Information Systems and Performance Audit
- Issihaka Toure, Performance Audit



Report from the OCC Chair



This past year, the OCC engaged in pivotal conversations, including how our workload shifts with the seasons, smarter resource strategies, staffing solutions, remote work innovations, people-first HR initiatives and exploring AI's growing role in our day-to-day operations.

I want to give a warm shoutout to Cassandra Vaevaemaki, Xuan Ong, Sarah Thornburn and Tuck Owyong, who concluded their involvement with the OCC. Their insights, dedication and commitment have shaped the OCC in meaningful ways and we are all the better for it.

As we enter the next financial year, I look forward to working alongside all OCC members, our fantastic staff and EMG to continue supporting the Office in delivering high quality audits. Together, we will continue making progress on our new Strategic Plan initiatives with our people front of mind in all we do.

Grant Robinson

Chair, Office Consultative Committee



OUR PEOPLE

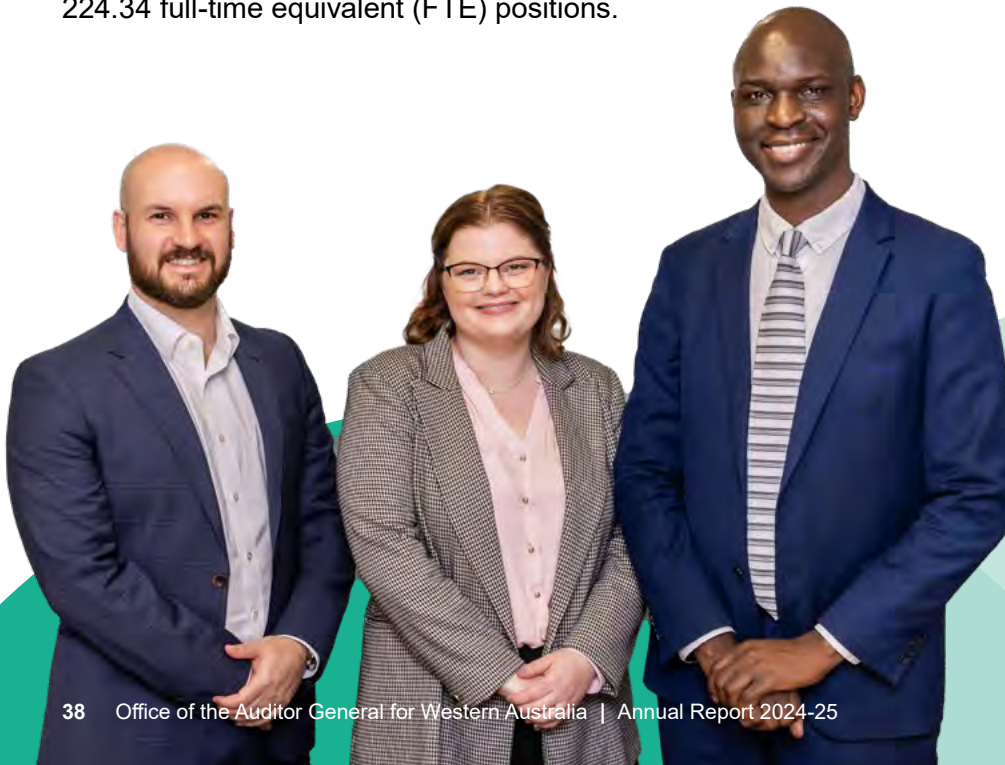
Our team brings a broad range of expertise that goes well beyond accounting and auditing. It includes professionals from fields such as history, science, law, economics, social work and information technology. Their backgrounds and experience span academia, not-for-profits, international organisations and regulatory environments across the public and private sectors.

We take pride in the diversity of our team's skills, backgrounds and life experiences. This diversity strengthens our capabilities, reflects the vibrant Western Australian community and helps shape the dynamic culture of the OAG.

As of 30 June 2025, we employed 234 people, equivalent to 224.34 full-time equivalent (FTE) positions.

Business unit	2020-21	2021-22	2022-23	2023-24	2024-25
Auditor General	5.00	4.00	6.00	6.00	7.00
Corporate Services	27.96	33.65	40.20	38.00	47.00
Financial Audit	102.40	97.40	108.13	112.42	102.63
Forensic Audit	8.10	14.17	13.97	16.94	12.83
Information Systems and Performance Audit	21.12	27.52	32.28	31.20	30.37
Performance Audit	17.48	16.28	17.38	14.38	17.71
Technical and Audit Support	9.60	5.80	7.80	6.60	6.80
Total	191.66	198.82	225.76	225.54	224.34

Table 6: FTE at 30 June for the last five years



During the year, 25 permanent employees departed the OAG, including 13 who transferred to other State government entities and two who retired. Our people are highly skilled in the operations of the public sector and financial operations, and are therefore highly sought after. This is the result of the exceptional formal learning and development we provide, combined with a range of unique on-the-job experiences available to our staff. Our loss is the public sector's gain. We are pleased to see their talents contributing to the broader public sector.

As in previous years, ongoing labour shortages continued to present recruitment challenges, affecting our ability to attract and retain skilled professionals. This has resulted in vacancies in critical roles across all business units.

Unfortunately, capacity constraints have not lessened and progress on planned initiatives has been impacted accordingly.



GRADUATE PROGRAM



Our 12-month graduate program plays a key role in developing our future audit leaders. The program offers recent tertiary graduates a meaningful and rewarding entry into the profession through on-the-job learning, formal training, coaching and mentoring. We offer programs in multiple streams including financial, performance and information systems audit.

In late 2024, we welcomed a Talent Management Coordinator as a dedicated resource to uplift our Graduate Program including leading the redesign of our program, enhancing our attraction strategy and developing an employee value proposition. Despite these improvements, the continuing competitive labour market and our focus on recruiting quality candidates meant our recruitment numbers for the 2025 graduate program were lower than we hoped.

In February 2025, we welcomed seven graduates from Curtin University, Edith Cowan University, the University of Notre Dame and The University of Western Australia. Four joined the Financial Audit team and three joined our performance audit teams.

Figure 3: Our 2025 Graduates: Aleesha O'Donnell, Ben Brummage, Jenna Fuller, Pavendeep Kaur, Ramanpreet Kaur, Jay Davis and Nathan Johnston



Our graduates started their journey with a two-week induction that delivered foundational knowledge of the OAG and public sector operations, development of technical capabilities, mandatory professional studies and an introduction to public sector leadership expectations. They finished this experience with a scavenger hunt that boosted their collaborative skills while learning about the history of auditing. During this team-building activity, graduates had to find a green pen, historically associated with auditors for annotating documents. They also embraced a fashion challenge by suiting up as auditors while exploring the city.

We are committed to strengthening organisational capability of future leaders, with all graduates participating in the Public Sector Launch program. The program focuses on core knowledge and skills essential to thriving in the public sector, as well as providing networking opportunities with graduates from other public sector entities.

A key focus is continuous improvement within the program and across the OAG's recruitment, learning and development activities. For the 2026 graduate program, we went to market earlier and introduced assessment centres comprising a series of group and individual exercises to evaluate leadership and technical capabilities. This change enabled our recruitment panels to form a more holistic view of the candidates and has achieved positive outcomes for the candidates and us.



Figure 4: 2025 graduates Jenna Fuller, Jay Davis and Ben Brummage finding a green pen on their scavenger hunt



Figure 5: Auditor General Caroline Spencer welcoming the 2025 graduates to the OAG

TERTIARY LIAISON PROGRAM

To attract top talent, we maintain strong partnerships with Western Australian universities, TAFEs and institutions through a range of initiatives.



Sponsorship: we support business school prizes and scholarships that promote excellence in auditing.



Placements: The University of Western Australia, Curtin University, Edith Cowan University, North Metropolitan TAFE and Australian Computer Society students have the opportunity to gain hands-on experience within our information systems audit and IT teams.



Internships: CA ANZ interns in their final year of university gain hands-on experience in financial audit.



Career hubs: we promote our graduate roles directly through university career hubs and engage with students at university open days and career expos.



Guest presentation: our staff regularly speak with students, offering insights into auditing, accounting and their own career journeys.



Woody Leonard

Turning learning into doing

We are passionate about nurturing future talent through immersive, hands-on learning experiences.

As part of this commitment, Woody Leonard – studying an Advanced Diploma of Cyber Security at North Metropolitan TAFE – completed his Work Integrated Learning placement with our Information Systems Audit team.

Reflecting on his time with us, Woody shared:

“My time at the OAG was fantastic! I was lucky enough to accompany a team member on external audit meetings. As part of my program, I was tasked with creating and implementing a new secure tiered active directory model. This experience was invaluable to both my personal growth and future career. It gave me such an insight on how different processes work in industry along with having the opportunity to link real-world experience to skills gained in my prior studies. Everyone at OAG has been so welcoming and helpful during my time here, I will forever be grateful to have had this opportunity to gain such valuable experience with a wonderful team.”



(Appendix AAR: 10.7B)

Pasindu Jayasekara, joined our IT team as an intern from the Australian Computer Society professional year program and shared his experience:

“My experience at the OAG has been great in shaping my career and academic journey. Professionally, it has provided me with practical skills and a deeper understanding of IT and cyber security, which are crucial for my future career. I’ve developed technical abilities, improved my problem-solving skills and gained experience in a professional setting. Academically, this internship has enhanced my understanding of course concepts by providing real-world applications and scenarios. During my time at the OAG, I received valuable opportunities to learn and work with both the service desk and the cyber security team. With service desk, I gained practical knowledge about troubleshooting technical issues and providing effective customer support. From the cyber security team, I learned about the critical importance of protecting sensitive information and the strategies involved in protecting against potential threats and vulnerabilities. Working closely with these professionals also improved my ability to communicate technical concepts clearly and collaborate effectively within a team.”



My experience at OAG has been great in shaping my career and academic journey.”



Pasindu Jayasekara

We are proud to support emerging professionals like Woody and Pasindu as they build the skills and confidence to thrive in the industry. These relationships benefit not only the OAG but also promote the broader public sector as an attractive employer for high calibre students.



SECONDMENTS

Placements	2020-21	2021-22	2022-23	2023-24	2024-25
Into OAG	5	6	7	5	5
Out of OAG	14	14	17	13	10
Total	19	20	24	18	15

Table 7: Secondments in and out for the last five years

At the OAG, we are committed to supporting our employees' career growth, including via secondment opportunities across the WA public sector. These experiences allow our employees to return with valuable new skills, broader perspectives and a deeper understanding of how other entities operate. In turn, host organisations benefit from greater insight into our role and responsibilities, while also gaining fresh ideas and diverse capabilities from our well-rounded team members.





Strengthening capabilities through cross-sector experience

Maddison Evans and Marie Martin joined us from the WA Parliament and completed a three-month placement with us between parliamentary sessions. It helped them gain a deeper understanding of the audit process and how public sector audits are conducted.

During their time with us, they had the opportunity to work on a variety of projects that are vital to ensuring transparency and accountability in public spending, such as risk assessments and compliance checks.

Prior to the placement, Marie was the Research Officer for the Public Accounts Committee (PAC).

“One of PAC’s roles is to follow up with entities on the implementation of OAG report recommendations. From my experience with PAC, I was interested to see the OAG side of things, so I took a three-month secondment to learn more about how audits are conducted and what work goes in before reports are tabled.

Being part of an audit has deepened my understanding of the hugely important role of OAG; from the specific PAC-OAG relationship to the general oversight of public sector performance. Working on an audit has also strengthened my ability to analyse and synthesise information, which is hugely beneficial to my current role, and hopefully any future role.”

Maddison said the placement provided a unique perspective on how legislative frameworks interconnect with auditing, giving her a comprehensive view of how governmental oversight functions at multiple levels.

“Understanding audit methodology and just what goes into an audit itself has really helped my understanding of the oversight of the public sector. I found learning project and risk management to be really valuable and I feel I can take this knowledge with me and apply it in most workplaces.”

We support these placements as they help build understanding of our unique role in the sector and foster a closer working relationship with the people who support the Parliament.

Marie Martin



Maddison Evans

(Appendix AAR: 10.7B)

EMPLOYEE EXPECTATIONS

This year we launched our Employee Expectations (previously known as the capability framework) which outlines the behaviours expected of employees to achieve our business goals. Built into the framework is the Public Sector Commission's Leadership Expectations alongside the technical competencies required to deliver high-quality and timely audits and corporate services. Employee Expectations outlines role expectations, career progression and performance communication for all OAG staff. Staff can access online resources and map their development journey via the OAG intranet and learning management system.

As part of the rollout of Employee Expectations, performance conversations were completely revamped to incorporate the new employee expectations, better align with modern HR practices and provide stronger support for employee development. The changes emphasised the importance of feedback, clear conversations and ongoing open discussion. We have moved from using multiple forms and timelines to a single annual performance cycle. This streamlining has improved consistency, timeliness and reporting.

Clear guidance and education were key parts of the rollout. Along with focused sessions on changes to the process, the OAG also launched a series of workshops focused on foundational personal leadership. Feedback and attendance data showed strong engagement and improved learning outcomes. Learnings from the education campaign launched for Employee Expectations continue to lead to further improvements to other training offerings such as professional development sessions run by the Human Resources team.



PROFESSIONAL DEVELOPMENT

Professional development at the OAG is designed to strengthen the capability of our workforce to ensure we are ready and able to meet our strategic goals while still supporting the individual career goals of our employees. All professional development organised and delivered is required to have clear learning outcomes linked to team, business unit and wider organisational plans.

We deliver in-house training, both technical and non-technical, across the office. These sessions are led by a mix of internal and external experts. This year, we focused on leadership capabilities, emotional intelligence, TeamMate+ Analytics and Plain English training.

This included developing a suite of TeamMate+ Analytics resources in-house, such as user guides and short video recordings. The resources will streamline ongoing training for new staff, reducing the time and effort needed from senior audit staff.

We also draw on the expertise of our internal subject matter specialists, who deliver targeted sessions on specific topics and provide specialist or technical advice. These sessions are particularly valuable for team members undertaking postgraduate studies with Information Systems Audit and Control Association (ISACA), CPA Australia or Chartered Accountants Australia and New Zealand (CA ANZ), as well as those required to undertake continuing professional development to maintain accreditation.



In line with professional standards that ensure audit quality, all OAG employees who are members of an accounting body must complete mandatory ethics training as part of their continuing professional development. This training reinforces the core principles outlined in the Code of Ethics for Professional Accountants and plays a vital role in upholding the profession's integrity.

Additionally, the OAG is a recognised employer program partner with CPA Australia and CA ANZ. This status demonstrates our dedication to staff development, which positions us as an employer of choice that attracts and retains high-calibre professionals. In turn, our staff feel confident in the knowledge their workplace is committed to continuing learning, mentorship and professional excellence.

We also invested in the following CA ANZ micro-courses:



Enhancing professional scepticism: designed to assist audit team members to consistently exercise professional scepticism and to develop the skills to deliver a quality audit.



Ethics: designed to assist professionals to have a clearer understanding of the professional code of ethics and their obligations when they encounter common ethical situations in their roles and career.

Each year, we support our employees to participate in a range of local, interstate and international external training and events relevant to their area of work. In 2024-25 this included:

- IMPACT 2025 conference (organised by OAG)
- PerthSEC Conference run by the Australian Information Security Association
- SecureIT Conference run by ISACA Perth chapter
- Introduction to Performance Audit Methodology run by the Australasian Council of Auditors-General
- Courses run by the Canadian Audit and Accountability Foundation, including:
 - Distilling Audit Findings
 - Engaging the Auditee
 - Managing Audit Projects
 - Root Cause Analysis
 - Auditing Organisational Culture
- Microsoft Azure Security Technologies
- Essential Eight Cyber Security Controls
- ISACA Auditing Generative AI
- Lifeline Accidental Counsellor
- Unlawful Workplace Behaviours eLearning.



Public Sector Commission's Women in Executive Leadership

This year, Renuka Venkatraman was our participant in the Public Sector Commission Women in Executive Leadership Experience Initiative. The initiative ensures talented women have the opportunity to be part of decision-making, governance and operations, while also gaining experience working at highest tiers of public sector operations.

During the year Renuka worked as a member of EMG and delivered a myriad of projects and built on her skills and experience at a strategic level:

“Participating in the Women in Executive Leadership initiative has been an invaluable opportunity to broaden my professional experience beyond my career as a financial auditor, allowing me to contribute to impactful data-driven projects that are enhancing operational efficiency across our office.

With data analytics, artificial intelligence and automation transforming the audit landscape, it has been rewarding to be part of strategic initiatives that are not only integrating these technologies into our audit processes but also helping build data capability within our teams.

On a personal level, the program has been instrumental in strengthening my leadership skills, especially in navigating and influencing change, which is so critical in today's dynamic environment. The opportunity to participate in executive leadership meetings has given me valuable exposure to strategic thinking and decision-making, deepening my understanding of how our leaders tackle complex challenges and drive transformation. These experiences have broadened my perspective, sharpened my communication skills and helped me grow in confidence.

Equally rewarding has been the opportunity to connect with and learn from an incredible group of participants across the WA public sector. Their diverse experiences and insights have reiterated the power of collective leadership.

Beyond delivering strategic projects within OAG, this journey has reaffirmed my commitment to continuous learning and has empowered me to lead with greater clarity, purpose and impact.”



EQUITY AND DIVERSITY

We value and embrace the diverse backgrounds, perspectives and life experiences our employees bring to the workplace. This diversity contributes to a vibrant, dynamic and forward-looking organisational culture.

Equity and diversity	2020-21 (%)	2021-22 (%)	2022-23 (%)	2023-24 (%)	2024-25 (%)
Women	56.20	55.98	55.9	53.8	54.55
Aboriginal and Torres Strait Islander people	1.00	0.47	0.4	0.4	0.40
People from culturally and linguistically diverse backgrounds	45.90	48.80	47.50	49.4	37.20
People with disability	3.10	2.39	2.6	2.5	2.60
Youth (age 24 and below)	8.80	6.22	8.5	8.8	4.33

Table 8: Various diversity groups as a percentage of our workforce

To bring us in line with the public sector, we adjusted recruitment practices to prioritise the appointment of permanent staff over short-term contracts. This focus reduced the number of staff from culturally and linguistically diverse backgrounds, who are often on time-bound visas.

Youth statistics were lower than in previous years, as we removed the age restriction (previously 24 years old and below) on our graduate program.



We continue to celebrate diversity this past year, with OAG events for Lunar New Year, Eid, Diwali and Christmas. We encouraged employees to bring a plate of food reflecting their background for everyone to enjoy. We also ask a staff member to share the personal significance of these days.

As we ushered in year of the snake, two colleagues shared how they celebrate Lunar New Year with family and friends, and their traditions for this auspicious occasion. We also discovered our most popular zodiac animals are dragons and pigs, who make up almost 25% of the office.



Embracing the spirit of Diwali, one of our Graduate Financial Auditors shared the meaning of Diwali and how he celebrates the occasion with his family back in his home country and in Australia.

In celebration of Eid Al-Fitr, two of our colleagues shared what Ramadan means to them and how they celebrate with their family, friends and community here in Australia as well as in the Maldives.

We take pride in celebrating our cultural diversity and recognise the invaluable benefits and perspectives that diverse communities bring.

Our multicultural office is one of our many strengths and we look forward to more cultural celebrations next year!

WORK HEALTH AND SAFETY

A key component of our Work Health and Safety (WHS) framework is the OAG's WHS Committee. The committee facilitates consultation and cooperation between our Executive, managers and staff by developing and implementing appropriate health and safety measures at work. This includes assisting in the identification of risks and the development of standards, rules and procedures relating to health and safety to be followed by OAG staff and any other relevant functions.

The Health and Safety Representatives (HSRs) conduct an inspection of the primary workplace every three months, approximately a week prior to each WHS Committee meeting. These meetings provide a forum where work health and safety matters can be raised and discussed freely and respectfully covering identified risks, potential mitigation strategies, status and feedback on developing policies and procedures, and any other WHS related matters.

Consultation occurs informally, ensuring the OAG is able to consider and respond to such matters in a timely way.

They also attend one-day refresher courses, with new members attending five-day HSR training to ensure they are equipped with the knowledge and skills they need as a committee member.

Members:

- Carl Huxtable, Chair, Assistant Auditor General Forensic Audit
- Daniel Franks, Health and Safety Representative
- Chloe Kincaid, Health and Safety Representative
- Beth Nicholls, Manager Human Resources
- Sandra Rutherford, Health and Safety Representative
- Ray van Tonder, Health and Safety Representative



Report from the WHS Committee Chair

This year has been marked by a continued commitment within the OAG to fostering a safe, healthy and supportive workplace for all employees.

A key element of our WHS framework is our WHS Committee. Together we have worked to identify and mitigate risks, enhance safety protocols and promote a culture of wellbeing across the OAG. A major achievement this year was the review of our WHS policy and manual.

In addition to this, our HSRs have continued to demonstrate their commitment through ongoing activities in identifying, assessing and providing feedback on mitigating the various potential hazards for OAG employees and visitors.

Looking ahead, our focus will remain on continuous improvement and working cooperatively to review various historical and arising risk mitigation strategies.

Open, collaborative communication remains key, and I extend my sincere thanks to all committee members and our Executive for their ongoing support.

On behalf of all the staff and external visitors to the OAG, I thank all HSRs for their commitment to our WHS program.

Carl Huxtable

Chair, WHS Committee



“ This year has been marked by a continued commitment within the OAG to fostering a safe, healthy and supportive workplace for all employees. ”



WELLNESS

We are committed to ensuring our employees maintain a healthy work-life balance and actively engage in self-care, leading to a fulfilling and healthy lifestyle. We provide a variety of wellness initiatives, including:

- ergonomic assessments and accessories with professional evaluations for special needs
- corporate discounts for gym memberships and private healthcare providers
- Well at Work e-magazine features strategies, tips, recipes and exercises
- sessions on topics such as superannuation and salary sacrifice options
- allocated time for blood donations
- 15 minute lunchtime meditation sessions and periodic sound healing.

We supported employees to join the OAG team – Running for Office – for the HBF Run for a Reason. Employees braved the wet weather and completed various distances to raise funds for charities, including Cancer Council Western Australia, Beyond Blue and Perth Children's Hospital Foundation. Their efforts contributed to the overall \$2 million raised through the event.



Figure 6: Members of our HBF Run for a Reason team, Running for Office

EMPLOYEE ASSISTANCE PROGRAM

We see our people as individuals – not just employees. Life's complexities can impact anyone, and we understand additional support may be needed to navigate the challenges that affect emotional or physical wellbeing.

That is why we offer an employee assistance program (EAP), providing access to independent counselling, expert advice, digital resources, meditation sessions and support across a wide range of personal and professional issues. To extend care beyond the workplace, this program is also available to immediate family members.

Each year, we review anonymised reports from our provider to spot trends and proactively address emerging needs, whether that is raising awareness, promoting wellbeing initiatives or delivering targeted training. While our team members are always welcome to speak with us directly, all EAP interactions remain strictly confidential.

Our EAP continues to be one of the most valued offerings among employees and EMG is proud to champion the wellbeing of our people through meaningful, ongoing support.



COMMUNITY GIVING

Our people play an active role in their local communities, volunteering their time and professional skills by serving on school committees and boards, acting as Justices of the Peace and supporting local sports and recreation clubs. We are proud to see their dedication extend beyond the workplace.

Each Friday, our team embraces a culture of giving through our casual clothes for charity initiative. Employees nominate and vote on causes close to their hearts, and this year we proudly supported Animal Protection Society and Brollie Brigade.



Michael Chumak

(Appendix AAR: 10.7B)



Supporting the diverse contributions of our employees

We are proud to support our employee who serves as an Australian Defence Force (ADF) reservist. Principal Information Systems Auditor Michael Chumak joined the ADF reserves in 2022, playing an important role in contributing to Defence's mission.

He nominated us for the ADF Employer Support Awards, which recognise employers who are flexible, understanding and supportive of reservists.

“*Joining the ADF reserves is something I've been keen to try for years. As a reservist, you develop skills and take part in experiences you wouldn't otherwise, including some that help with my professional development in my role with OAG, such as the annual ADF Cyber Security Challenge.*

I'm incredibly lucky to have a supportive family and employer, as well as an excellent manager, Senior Director, Information System and Performance Audit Kamran Aslam.

Along with my manager's support of my involvement in the reserves, OAG also has a generous military leave policy. This helped me put in a little over 30 days last financial year as a reservist, which is above the minimum commitment of 20 days each year.”

Supporting Michael in his role as an ADF reservist is not just a matter of policy for us – it's also our commitment to fostering a workplace that values and supports the diverse contributions of all employees.



Figure 7: Employees with the presents and gifts cards we donated to the Operation Sunshine WA Christmas Appeal

To bring smiles to vulnerable children on Christmas Day, our employees donated presents and gift cards to the Operation Sunshine WA Christmas Appeal, to be shared with women, children, young people and families displaced by violence, abuse or crisis. We are proud to contribute to such a meaningful cause in our community.



Protecting the local community through volunteering

We are proud to support our people who support their local communities by volunteering their time and professional skills.

Director Forensic Audit John Holan was living in Melbourne during the tragic 2009 Black Saturday bushfires, which inspired him to volunteer as a firefighter with the Wanneroo Central Volunteer Bush Fire Brigade.

“At that time, I saw the work of firefighters, a lot of them were volunteers and I had incredible respect for what they did. Once my children were older, I took the opportunity to volunteer myself and contacted my local volunteer brigade.”

As an ardent hiker, he also volunteers as the Deputy Chair in the Bibbulmun Track Foundation board.

“My wife, three children and I have spent a lot of time hiking – key to this is the terrific Bibbulmun track – running from Perth to Albany. The opportunity to be part of the very good work of the foundation drove me to this role.”

Balancing the demands as a full-time employee and volunteer roles can be challenging, and John acknowledges the support of his work team and his family.

“OAG kindly support my work with a very good policy around paid leave for emergency situations. While I train, attend hazard reduction burns and maintenance sessions in my own time, over the busy summer period I know OAG and my team support this work when it is an emergency.

Most importantly, my wife supports both of the above. Like many partners of volunteers, she is the one who gets no recognition but does a lot.”



DEMONSTRATING EXCELLENCE



In 2024-25 we:



were subject to an independent review that examined and affirmed our strength, professionalism and robust systems.



improved our maturity ratings in cyber security under a national framework to enhance our security posture and controls



had 84% of parliamentarians surveyed tell us they read, referred to or used our reports and communications



won the W.S. Lonnie Memorial Trophy, the Alan Skinner Trophy, the OAG Award for Transparency and Accountability, the Public Sector Commission Award for Good Governance and the Gold Award for Agencies with 101 – 1000 FTEs for our Annual Report 2023-24.

DEMONSTRATING EXCELLENCE

What is our objective?

- model exemplary standards in how we undertake our business

What we do

- strengthen and continuously improve business processes and our performance against key performance metrics

How will we do it better?

- streamline and standardise the audit process through robust and fit-for-purpose methodology and tools that comply with applicable standards
- actively identify, validate and implement efficiencies and innovations to our internal control environment
- participate, share and learn from multi-jurisdictional and professional forums
- practice what we preach – good governance underpinned with accurate, timely value-for-money audits

What does success look like?

- recognised as champions of good governance, integrity and probity
- our practices set the benchmark for public sector entities
- audits are delivered on time and on budget
- relatable and impactful reports that focus on serving the public sector and that stakeholders engage with



PARLIAMENTARY REVIEW



In November 2024, the Joint Standing Committee on Audit (JSCA) completed a performance and legislative review of the operation and effectiveness of the *Auditor General Act 2006* and performance of the Auditor General's functions by the Auditor General and the OAG. This was the second review since the *Auditor General Act 2006* was proclaimed on 21 December 2006.

On 7 November 2024, the [Second review of the operation and effectiveness of the Auditor General Act 2006](#) report was tabled in Parliament. The Hon Peter Collier MLC, Chair of the JSCA, said during Legislative Council Parliamentary Debates:

It found that the office is well functioning and staffed by professional auditors. It made 22 recommendations to further improve its functioning, all of which were accepted by the Auditor General.

This committee report presented six findings and followed the final report on the review of the Office of the Auditor General and the *Auditor General Act 2006* from O'Connor Marsden & Associates (OCM), the contracted reviewers.



In the report's executive summary, the JSCA quoted OCM who found:

OAG has systems and processes in place to ensure compliance with current professional standards. It is a well-functioning office that is staffed by professional auditors. OAG has robust systems and processes to effectively communicate the results of audits to parliament and agencies. It has either implemented recommendations made in reviews conducted into the OAG since 2015 or closed these if they were not practical or no longer relevant.

OCM identified several areas where the OAG could improve its operations and made 22 recommendations. Of these recommendations:

- twelve related to audit practices and procedures
- seven related to whether audits achieve desired outcomes and are delivered efficiently
- three related to strategic management and oversight.

The OAG welcomes the accountability and continuous improvement opportunities that arise from the review and has addressed 16 of the recommendations by 30 June 2025 with the remaining six items being progressed towards completion.



AUDIT, RISK AND COMPLIANCE COMMITTEE

Members

- Peter Wilson AM, independent chair, holds non-executive director and chair roles across various sectors with significant experience in governance and professional services industries
- Trish Ridsdale, independent member, holds non-executive director and chair roles in various sectors with significant experience in governance and risk
- Aloha Morrissey, Assistant Auditor General Information Systems and Performance Audit
- Wian Oosthuizen, Assistant Auditor General Technical and Audit Support
- Kamran Aslam, Senior Director Information Systems and Performance Audit

Michael Cooper, Executive Director Corporate Services, Paul Spiccia, A/Chief Financial Officer, and Andrew Birch, Assistant Director Risk, Internal Audit and Compliance, are invited to attend each meeting as required to assist in the efficient and effective conduct of the ARCC work program.

The Audit, Risk and Compliance Committee (ARCC) provides independent assurance to the Auditor General and EMG by monitoring, reviewing and providing advice about risk management, internal audit, performance, compliance and control frameworks of the OAG, and its external reporting and accountability obligations.



Internal control

An effective internal control system provides reasonable assurance that:

- assets are protected
- financial and operational information is accurate and reliable
- legislative, regulatory and policy requirements are being met
- errors and fraudulent activities are prevented.

Internal controls are essential for achieving our goals and objectives. By identifying potential risks that may hinder performance or expose us to exploitation, we can determine and implement appropriate control measures.

To ensure confidence in the integrity of our internal control environment, we apply the four lines of defence model. The ARCC plays a key governance role by overseeing internal controls and offering guidance to support ongoing improvement initiatives.

Risk management

We are committed to fostering a culture of confident and well-informed decision-making. This commitment is underpinned by equipping decision-makers with the necessary skills, experience and training to support sound judgement.

To support this goal, our risk management policy and framework are structured to ensure that decision-makers actively consider the effects of uncertainty on our objectives. This approach enables effective risk management that aligns with the public interest and promotes transparency and accountability.



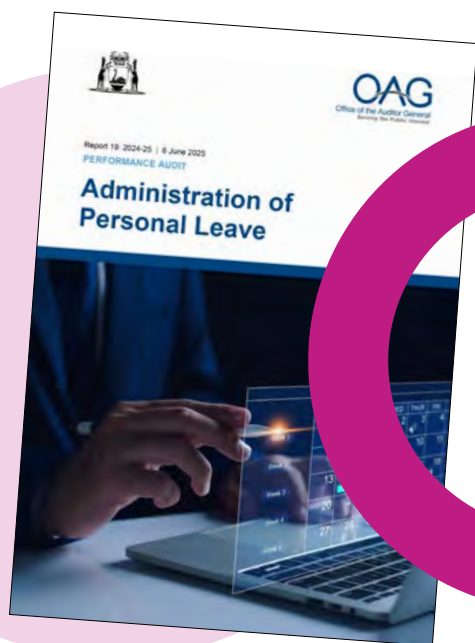
Internal audit plan

This year, in accordance with Treasurer's Instruction 10 Internal Audit, a new professional services audit firm was engaged to develop and deliver a three-year strategic internal audit plan. The plan aims to provide assurance over the effectiveness of existing controls to address the OAG's strategic risks, while also ensuring we comply with our regulatory obligations.

This plan will be adjusted annually to address the changing risk environment and to reflect learnings from our audits. The ARCC is involved in the development and oversight of this plan.

The 2024-25 program of internal audits were:

- governance and risk management
- information and data protection
- procurement and contract management.



Self-assessment against our audit reports

Many of the audits we undertake also have relevance to our own operations particularly those that examine common business practices across the public sector. Additionally, our information systems audits offer an opportunity to assess the effectiveness of our internal information systems management.

By leveraging the findings of relevant audits, we self-assess our processes and controls to provide valuable insights we can apply internally to enhance our practices. This proactive approach allows us to identify areas for improvement and implement necessary enhancements informed by the lessons gained through audit reviews.

Following the *Administration of Personal Leave* audit, we conducted a review of our internal approach to managing personal leave. During this process, we identified issues with our legacy time recording system, specifically its inability to prevent the accrual of time off in lieu when personal leave was taken. In response to these findings, we updated relevant policies and staff guidance, and will implement more frequent system checks to ensure compliance and accuracy.



Report from the ARCC Chair



The Audit, Risk and Compliance Committee (ARCC) is an important part of the OAG governance framework. It provides independent assurance to the Auditor General by monitoring, reviewing, and providing advice about risk management, performance, compliance and control frameworks, and its external reporting and accountability obligations.

During the year, the ARCC:

- considered and provided guidance over the review of the Strategic Risk Register and the recording of Operational Risks
- reviewed and endorsed the Internal Audit Charter
- oversaw the completion of all outstanding internal audit recommendations
- endorsed the Strategic Internal Audit plan for the period 2024-25 to 2026-27 with the new internal audit service provider and held in camera sessions with the auditors to discuss findings in Internal Audit Reports
- received a Fraud and Corruption Control Report which included an analysis of fraud trends across Australia
- received regular reports from the Chief Finance Officer, including updates on the External Audit processes and findings and meeting with the appointed external auditors
- received reports from the Chief Information Officer providing updates on information security, including the Essential Eight cyber security controls, Disaster Recovery planning and test results, and the Security Incident and Event Management platform as well other IT risks that the OAG monitors
- received reports from the Director Human Resources on the Workplace Health and Safety system and its effectiveness, also on the OAG's Ethical Culture and compliance with requirements for Independence Declarations.

I would like to thank Trish Ridsdale, the other independent ARCC member, and all the OAG members for their contribution to the ongoing work of the committee. I will also take the opportunity to acknowledge Kamran Aslam's insightful service to the ARCC; his tenure expired 30 June 2025. Finally, I would like to acknowledge the other OAG Officers who updated the committee on major projects, controls over fraud risk and various other strategic updates.

Peter Wilson AM

Independent ARCC Chair



ASSURANCE QUALITY MONITORING COMMITTEE

Members

- Sandra Labuschagne, Chair, Deputy Auditor General
- David Wall, external independent member, holds senior executive and non-executive director roles in various sectors with significant experience in assurance services, governance and risk
- Michael Cooper, Executive Director Corporate Services
- Adam Dias, Director Information Systems Performance Audit

Wian Oosthuizen, Assistant Auditor General Technical and Audit Support, is a permanent observer to assist in the efficient and effective conduct of the Assurance Quality Monitoring Committee (AQMC) work program.

The AQMC plays a critical role in ensuring that quality risks across all functions of the OAG are identified and addressed effectively. This is achieved through:

- risk-based monitoring of the quality management system, providing the Auditor General with reasonable assurance of compliance with Australian Auditing and Assurance Standards
- reviewing the efficiency and effectiveness of the OAG's quality management processes
- fostering a collegial and constructive environment for quality monitoring and remediation, offering contextualised and well-calibrated advice that supports continuous improvement.

Quality is one of our core values and is fundamental to producing credible work that drives meaningful outcomes. We are committed to exceeding expectations by being agile, adaptive and focused on enhancing both efficiency and effectiveness.

For us, audit quality extends beyond compliance with professional standards and public sector requirements, it reflects our dedication to delivering value and maintaining trust in everything we do.



Quality management

The AQMC provides assurance that the OAG's system of quality management achieves its objectives and remains aligned with the requirements of applicable quality management and ethical standards issued by the Auditing and Assurance Standards Board, the Accounting Professional & Ethics Standards Board and relevant legal or regulatory requirements.

This is achieved through policies and the operation of a continual and iterative system that is responsive to changes in the nature and circumstances of the OAG and its engagements. It results in refined and contextualised advice to the Auditor General, ARCC and EMG.

Our system of quality management has been developed to provide reasonable assurance that:

- the OAG and its employees fulfill their responsibilities in accordance with Auditing and Assurance Standards Board standards, the Accounting Professional & Ethics Standards Board and applicable legal and regulatory requirements, and conduct engagements in accordance with the standards and requirements
- the engagement reports issued by the OAG are appropriate
- the public interest is served by the consistent performance of quality engagements.

The design, implementation and operation of our system of quality management supports the consistent performance of quality engagements by providing the Auditor General with reasonable assurance the objectives of the system are achieved.

Australian Standards on Quality Management review

This year we further refined our system of quality management based on the objectives of the Australian Standards on Quality Management ASQM 1 and ASQM 2 Engagement Quality. Our system of quality management is risk-based and iterative, so improvement of our monitoring and remedial action processes is ongoing to ensure the continuing achievement of quality objectives.

We monitor our quality management approach against the objectives to improve our focus on proactively identifying and responding to quality risks that may have an impact on assurance engagement. The approach is customised to the nature and circumstances of the OAG and the assurance engagements we undertake.

Our evaluation of our system of quality management is continuous, as required by ASQM 1.



Quality review

We have an Assurance Quality Monitoring Framework supported by an annual quality assurance plan. Each year the AQMC engages external independent quality assurance reviewers to complete independent audit quality, thematic and peer reviews. These reviews are a key part of our quality assurance program. The outcomes of reviews allow us to identify ways to improve our approach to auditing and the quality of our products. We also extend our annual quality review to include internal reviews of a small selection of audits we contract to audit service providers.

In 2024, AQMC selected 17 audit files completed in 2023 for independent quality review, including 13 financial audit files, three performance audit files and one forensic audit file. Fourteen of the files achieved satisfactory or better quality review results while three financial audit files did not due to identified material deficiencies. As part of our system of quality management, we undertook a root cause analysis that identified the main driver for the deficiencies and actions we will undertake. These are the responsibility of the relevant Assistant Auditor General and will assist us to prevent repeat deficiencies and ensure the continual improvement in our audit quality.

As a result of our 2024 quality findings, we embarked on work to strengthen and improve audit quality and efficiency measures ahead of our 2025 audits.

In 2025, the 2024 audit files selected by AQMC for independent quality review included 10 financial audits, one performance audit, one forensic audit and two better practice guides (one issued by Forensic Audit and one issued by Information System Audit). In addition, three contracted-out audits were selected for review by an internal senior staff member. All reviews were finalised by the end of July 2025.

Recommendations from independent quality reviews as well as external practice peer reviews are implemented as soon as possible and practicable, which may be during the audit or incorporated into subsequent audits via methodology updates or training.

The AQMC monitors the implementation of the recommendations from the reviews to ensure the relevant business units take appropriate action to address any significant matters that are identified and to ensure continuous improvement of audit quality. Last year, a number of long outstanding recommendations relevant to audit administration and documentation were addressed by implementation of our new audit methodology and tool.

The Technical and Audit Support business unit is responsible for ensuring compliance with independence requirements, assessing the adequacy of safeguards where relevant, reviewing and remediating the system of quality management, and facilitating the root cause analysis process for identified deficiencies. The business unit has contributed to the committee through sharing knowledge on how to consider quality review findings and the most appropriate actions to achieve improvements.

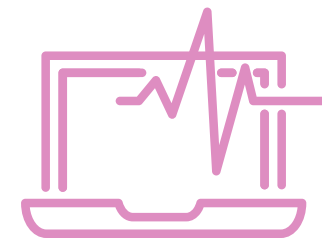


Root cause analysis

The AQMC recognises that, where significant or recurring deficiencies are identified by our quality reviews, it is necessary to undertake root cause analysis to determine the cause and impact of the deficiency, individually and in aggregate. Root cause analysis is a key component in the annual evaluation of our system of quality management. We have also undertaken root cause analyses on significant quality findings to identify the causes and appropriate actions to address them.

Complaints and matters of non-compliance

The AQMC reviews all complaints related to our audit work. Where appropriate, we identify opportunities for improvement and implement targeted actions to address them. Insights and recommendations from all review processes inform our training and development programs, continuously strengthening the quality of our work.



Report from the AQMC Chair

“It is crucial for staff and contractors to be demonstrably free of any actual, potential or perceived conflict of interest to effectively perform work authorised by the Auditor General without fear or favour.”



The AQMC continued its role overseeing the OAG system of quality management and enhancing the assurance quality monitoring framework.

Quality assurance activities for the year were determined based on the OAG's quality risk assessment processes which included consideration of audits that received a lot of parliamentary and public scrutiny and audits that had experienced a change in key personnel during conduct.

Independent audit quality reviews were conducted on 13 financial audit files, three performance audit files and one forensic audit file. Deficiencies and recommendations from these reviews were considered by the AQMC with the resolution thereof allocated to the responsible Assistant Auditor General.

Each year we select a theme for our quality monitoring program. In 2024, the focus was on 'ethics and independence'. Work to identify deficiencies included internal and external reviews of audit files to find instances for quality improvement, and a series of focus group meetings with internal stakeholders to clarify the causes and determine effective and appropriate remediation strategies. Relevant policies and procedures were updated to support staff.

Communication to staff provided insight into the ethical and independence issues identified and emphasised the importance of robust OAG integrity. While no actual ethical breaches were found, opportunities for practice improvement were identified. The independence requirements for an Auditor General are more stringent than in the private sector. It is crucial for staff and contractors to be demonstrably free of any actual, potential or perceived conflict of interest to effectively perform work authorised by the Auditor General without fear or favour.

In 2025 the focus will be on 'monitoring and remediation'.



Other activities undertaken by the AQMC during 2024-25 included:

- acquittal of the annual Inspection Monitoring Plan
- consideration of complaints about audit quality to identify opportunities for improvement
- consideration of audit quality related emerging issues and topics arising locally, nationally and globally, to identify risks, actions and opportunities for improvement
- consideration of feedback from our audit teams on matters that may impact audit quality.

We outsource a significant volume of our financial audit work to private audit firms to perform on our behalf (with all reporting submitted to the OAG for review prior to issuing an opinion). Continuing our scrutiny on contract audit firms from the previous two years, we focused on engagement management in our quality reviews of audits contracted out to private audit firms.

I am confident the AQMC ensures the effectiveness of our approach in monitoring audit quality.

I thank the members for their collegial and constructive approach to their responsibilities and to the committee.

Sandra Labuschagne

AQMC Chair



WORKING WITH PARLIAMENT

Unlike other State government entities, we report directly to Parliament rather than through a government minister. As our key client, we are committed to keeping Parliament well-informed on matters of public sector accountability and performance. To support this, we have established a range of initiatives aimed at fostering strong, constructive relationships with Parliament and its committees.

Parliamentary liaison program

Our focus on parliamentary engagement is framed around the principles of ensuring we are accessible, apolitical, attuned and accountable. The quality, relevance and clarity of the information we provide has a direct bearing on how effectively parliamentarians can scrutinise government performance. This exchange not only benefits Parliament and, by extension, the broader community but also supports our mission to improve public sector performance and accountability through independent reporting.

We adopt a proactive approach to engagement which includes the following key elements:

- briefing ministers and parliamentarians on our audit reports as tabled
- briefing our parliamentary oversight committees on our proposed forward audit program, current audits and key operational matters
- briefing new ministers, members of Parliament (MPs) and parliamentary committees on the role of the Auditor General and the ways in which they can use our reports to inform their work within the Parliament and their local community
- providing submissions to parliamentary inquiries and appearing before committees to give evidence on matters relevant to our remit.

Members of Parliament survey

In the second half of 2024, we conducted our biennial survey of parliamentarians, receiving responses from 30 members – a response rate of 32%, down on the 49% in 2022 but higher than response rates achieved in 2020 (25%) and 2019 (29%).

Overall perceptions of the OAG remained positive, with improvements noted in some areas.

Encouragingly, 84% of parliamentarians reported reading, referring to or using the Auditor General's reports and communications consistent with the 85% recorded in 2022. Performance audits drew the greatest attention, with 83% of respondents having read at least one. The most widely accessed reports included *Major Projects – Transparency Report* (June 2022) and *Government Campaign Advertising* (May 2024).

Additionally, a strong majority (81%) engaged with our annual financial audit reports. Among these, the *State Government 2023-24 – Financial Audit Results* report emerged as the most frequently used, cited by 73% of respondents.

Although most parliamentarians continued to express confidence in the Auditor General, satisfaction levels declined slightly from the previous survey. In 2024, 69% of respondents were satisfied with the Auditor General's accessibility and responsiveness, down from 77% in 2022.

Additionally, 61% of parliamentarians felt that the Auditor General effectively communicated information to Parliament regarding the performance and efficiency of public sector entities and services, a drop from 77% in the prior year.

We greatly value the insights provided by members of Parliament to inform our work and processes.

Parliamentary engagement and interactions

We have continued engagement with our parliamentary oversight committees throughout the last year, including during the dissolution of the Legislative Assembly of the 41st Parliament in January 2025 and the subsequent swearing-in of the new Parliament in May 2025. This ongoing engagement reflects a continued commitment to maintaining strong relationships irrespective of political transitions.

The Auditor General presented operational matters to the Standing Committee on Estimates and Financial Operations (EFOC) on 11 September 2024, including concerns raised by the local government sector regarding financial audit fees. The OAG remains committed to transparency and accountability, acknowledging that while several factors influencing fee increases remain beyond our control, enhancing communication with local governments on audit fees remain a priority.¹

The Auditor General appeared, for the final time, before the Public Accounts Committee (PAC) of the 41st Parliament on 16 October 2024. The session focused on our audit program and included reflections on the OAG's work during PAC's four-year term.

On 28 November 2024, the PAC tabled a report on its review of entity responses to recommendations from 14 OAG performance audit reports published between June 2019 and October 2023. This was the third such report the PAC tabled across the 41st session of Parliament.

¹ Standing Committee on Estimates and Financial Operations, [Estimates Committee – Consultation with the Auditor General \[video\]](#), Government of Western Australia, Parliament of Western Australia website, 11 September 2024

The Auditor General and members of EMG had their first engagement with the new PAC on 25 June 2025. With four newly elected members, the briefing provided us the opportunity to inform them of our role and work. We are scheduled to meet with the EFOC early in the new financial year.

PAC's ongoing focus on, and follow-up of our performance audit reports, combined with the EFOC's focus on our financial audit activity, promote a cycle of transparency and accountability in public administration that is critical to public sector performance and underpinning trust in democratic systems of government. We remain grateful to these committees for their continued commitment to this work.

On 26 May 2025, the Auditor General participated in an induction day for new members of the 42nd Parliament. Alongside other integrity agencies such as the Ombudsman and the Office of the Information Commissioner, the Auditor General provided an overview of the role and functions of the OAG. This session was designed to assist new members of Parliament to understand the work of the OAG and how to effectively engage and use our reports and findings in their parliamentary duties.



Figure 8: Auditor General Caroline Spencer briefing new members of Parliament

WORKING WITH OUR PEERS

Australasian Council of Auditors-General

The Australasian Council of Auditors General (ACAG), established in 1993, serves as a collaborative forum for Auditors General to exchange information, share business intelligence, and advance effective and efficient auditing practices.

ACAG also plays a key role in providing a collective public sector voice on auditing, assurance and accounting standards. It provides coordinated responses to exposure drafts issued by the Auditing and Assurance Standards Board, the Australian Accounting Standards Board and their international counterparts.

This financial year, Auditor General Caroline Spencer served as an Executive member of ACAG, concluding her three year term, alongside the Auditors General of South Australia and New South Wales.

We actively contribute to ACAG's subgroups, which foster shared learning and reciprocal benefits across audit jurisdictions. During the year, Executive Director Corporate Services, Michael Cooper, chaired the Corporate Services subgroup and we had members on the Audit Analytics, Auditing Standards, Financial Reporting and Accounting, Heads of Financial Audit and Heads of Performance Audit committees.



Strengthening relationships with audit offices

The Auditor General participated in the October 2024 ACAG meeting held in Port Moresby, Papua New Guinea. In addition to engaging in a productive and insightful business session, ACAG members were offered a meaningful glimpse into the significant challenges faced by the PNG audit office in delivering assurance over public sector finances. Visits like these play a vital role in strengthening relationships among audit offices, and giving perspectives and ideas on common challenges and strategies encountered by Auditors General no matter what their jurisdiction.



Figure 9: Auditor General Caroline Spencer at the Parliament of PNG with ACAG colleagues

ACAG macro benchmarking survey

We have participated annually in the ACAG macro benchmarking exercise since its inception in 1994. This initiative enables us to assess our performance against other Australian audit offices and compare productivity, cost and resourcing to ensure we are broadly aligning with our peers in delivering our mandate. It assists us in identifying where changes may be needed and where efficiency improvements can be sought.

Performance Audit

Average time to undertake a performance audit	2022-23 (months)	2023-24 (months)	2024-25 (months)
OAG	9.6	8.8	11.8
Average of states and territories	12.1	12.1	12.2

Table 9: Average time to undertake a performance audit benchmarking result

Average cost of performance audits	2022-23 (\$'000)	2023-24 (\$'000)	2024-25 (\$'000)
OAG	376	366	355
Average of states and territories	425	499	429

Table 10: Average cost of performance audits benchmarking result

This year we remained below the state and territory averages for performance audit timeliness and costs. The increase in our average time is due to the delays in tabling two reports and the larger scale and greater complexity of several recent audits.

Financial Audit

Although all states and territories conduct annual financial audits of entities, the additional assurance services each provides varies, making it difficult to compare the average cost per audit opinion. The OAG provides a broader range of opinions for the state sector than other ACAG offices. These include financial audit opinions, certifications, controls opinions and performance indicator opinions.

Cost per local government financial audit opinion

	2022-23	2023-24	2024-25
OAG	\$62,750	\$71,240	\$85,158
Average of states and territories	\$69,619	\$80,686	\$88,906

Table 11: Cost per local government financial audit opinion benchmarking result

Cost per state government financial audit opinion

	2022-23	2023-24	2024-25
OAG	\$143,238	\$176,810	\$179,966
Average of states and territories	\$101,857	\$114,428	\$118,652

Table 12: Cost per state government financial audit opinion benchmarking result

Our cost per financial opinion has increased for both sectors. The cost increases are a result of increases in public sector wages, professional services costs and the time required to resolve prior-year audit findings. The increase in the local government sector opinion cost reflects the cost to deliver them as well as better cost recovery, that had previously been subsidised to some degree by historic cash holdings.

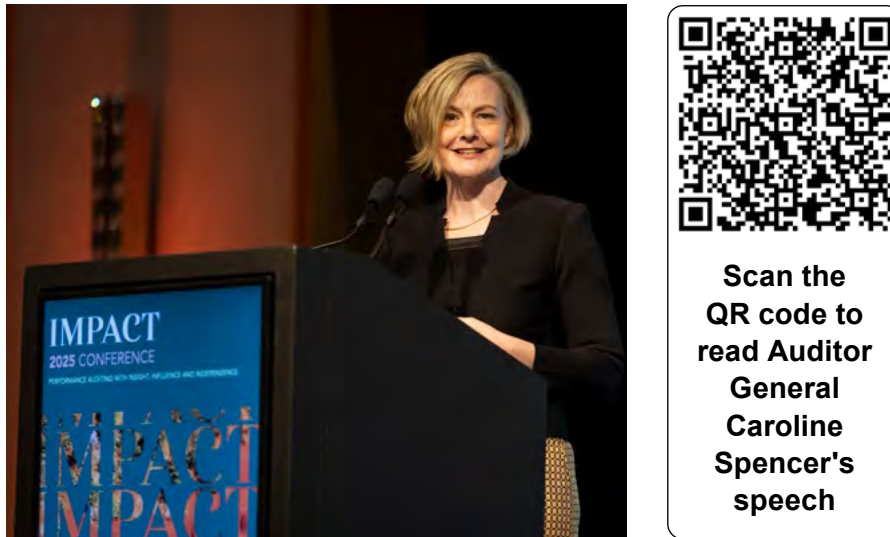


Figure 10: Auditor General Caroline Spencer opening IMPACT 2025



Figure 11: MC Di Darmody with Hon. Ruth Forrest MLC (Tasmania), Lisa O'Malley MLA and Mayor Alison Xamon providing parliamentary perspective at IMPACT 2025

International Meeting of Performance Audit Critical Thinkers (IMPACT)

We hosted the fourth International Meeting of Performance Audit Critical Thinkers (IMPACT) conference in Perth in April 2025 on behalf of ACAG. It was a resounding success with delegates from the global auditing community inspired and equipped with new ideas to tackle the challenges of performance auditing in an era of rapid change and complexity.

Over two days, delegates engaged in a series of insightful presentations and discussions, focusing on the most pressing issues in performance auditing today, as well as broader contextual insights and thought-provoking ideas. Key topics included efficiency and effectiveness in auditing, workforce insights, the application of emotional intelligence and critical thinking to influence change, and the paramount importance of maintaining independence.

Auditor General Caroline Spencer opened the conference with a compelling address on the themes of insights, influence and independence, titled *The green pen: mightier than the sword and a symbol of trust in tumultuous times*. Historically, the green pen is a symbol of trust and accountability as it provided evidence of auditor scrutiny. Similarly, performance auditors still play an important and evolving role by serving public interest in a climate of global challenges, upheaval and declining trust and accountability in public institutions. Performance auditors need to ensure their opinions are independent, thoroughly researched and backed by tangible evidence, especially in an era of increasing misinformation and disinformation.

She highlighted the public's fair expectations for governments to remain accountable, transparent and focused on serving the public while preserving economic and individual freedoms.

The conference saw a variety of speakers, including a number of plenary speakers who shared their valuable insights and experiences with the delegates.

- Former Australian Electoral Commissioner Tom Rogers delivered a thought-provoking session that resonated deeply with attendees. Drawing from his experience in rebuilding the organisation's reputation of independence, Mr Rogers emphasised the importance of courage and focused leadership during challenging times. He shared how senior leaders in the public sector need to earn trust by being present, taking responsibility for issues and being upfront with stakeholders.
- PASAI Secretary-General, Controller and Auditor General of New Zealand, John Ryan, captivated delegates with a provocative question: 'Why should anyone trust you?' He emphasised that beyond competence and reliability, trust is essentially relational and not tied to an organisation, job title or transactions.
- Public Sector Commissioner Sharyn O'Neill shared her frank and illuminating insights on the WA public sector workforce. As a believer in transparency, she challenged the public sector to be more focused on accountability and to improve workforce planning to address skills gaps.

- Delegates also heard from Transparency International Papua New Guinea (TIPNG) Board Chair Peter Aitsi on the importance of transparency in building trust and good governance. He shared the challenges of his civil society organisation's work and how it can strengthen democratic outcomes in the Pacific region.
- Behavioural scientist Liam Smith inspired delegates with real-life examples of behavioural science and how it has been used to understand changes in behaviour in relation to saving water, teenage pregnancy and juvenile crime. He distilled complex behavioural science concepts into practical insights tailored for performance auditors. Delegates walked away with practical tools and tips to identify drivers of behaviours and make a difference in their report graphics and recommendations.

In addition to the engaging speakers, there were panels on letting the data lead the way, parliamentary perspectives on the good, the bad and the opportunities for performance audit, and a captivating academic panel on maintaining transparency and independence in times of uncertainty. The conference also provided opportunities for networking and collaboration, fostering a sense of camaraderie and shared purpose among the niche performance auditing community.



Figure 12: Attendees at IMPACT 2025

WORKING WITH OUR STAKEHOLDERS

We actively engage with a diverse range of stakeholders and professionals to ensure our skills remain current, to gather meaningful feedback and to share insights that strengthen both our own capability and that of the entities and sectors we audit.

Public Sector Audit Committee Chair Forum

This year, we held two Public Sector Audit Committee Chair Forums, providing valuable opportunities to engage with chairs from across the sector. These individuals play a pivotal role in supporting directors general, councils and boards to meet their governance and oversight responsibilities.

At the November 2024 forum, Department of Local Government, Sport and Cultural Industries (DLGSC) Audit and Risk Committee Chair and former Director General of the Department of Justice, Alan Piper spoke about how an audit committee chair can help turn entities around and work effectively with the executive. He talked about the journey DLGSC has been on to address a history of poor audit results and grow organisational health. DLGSC has reduced its qualifications from five to two, internal and external recommendations outstanding have reduced from roughly 150 to 40, with a significant drop in the number and rating of new findings.

In May 2025, Gold Corporation Independent Chair Sam Walsh AO shared generous and thoughtful insights into the expectations of a board chair regarding the role of the audit committee and the compliance journey that was at times challenging with media and political attention surrounding Perth Mint. He drew from his

experience as the Independent Chair of Gold Corporation during an intense period of scrutiny with Perth Mint and his international breadth of leadership style across cultures and organisations including as former CEO of Rio Tinto.

We plan to continue holding these sessions twice a year, as consistent positive feedback from participants highlights their ongoing value. As audit committees evolve across the sector, we remain confident that a well-established and effective audit committee is essential. It provides a cost-effective means of supporting entities in meeting their corporate governance and oversight responsibilities.



Figure 13: Gold Corporation Chair Sam Walsh presenting at the May 2025 Public Sector Audit Committee Chair Forum

Fraud Resilience Forum

This year, we hosted two Fraud Resilience Forums to connect State government entities committed to proactively preventing and detecting fraud and corruption. These forums offered valuable opportunities to share insights, strengthen capability and foster collaboration among anti-fraud professionals in the WA public sector.

At our first forum in November 2024, panellists from the Public Sector Commission, Corruption and Crime Commission and WA Police Force shared their insights on current and emerging fraud trends. Around 160 WA public sector attendees took part online and in-person.

More than 120 WA public sector employees joined us online and in-person in May 2025 to learn more about cartel conduct in public procurement. Our presenters from the Australian Competition and Consumer Commission (ACCC) provided valuable insights on their role in detecting and investigating cartel conduct, with a focus on bid rigging in procurement processes. The forum raised awareness on the types of industries and situations where cartel risks are elevated and outlined common warning signs and indicators. They also provided practical guidance for the WA public sector on preventing, detecting and reporting suspected cartel behaviour.

Looking ahead, we intend to host multiple forums each year to encourage knowledge sharing and create networking opportunities for WA's anti-fraud and integrity leaders. We welcome other public sector entities to connect with us to contribute topics, host sessions or present.



Figure 14: Assistant Auditor General Carl Huxtable and panellists from the Public Sector Commission, Corruption and Crime Commission (Western Australia) and WA Police Force who presented at the November 2024 forum

Department of Local Government, Sport and Cultural Industries

We maintained regular engagement with the Department of Local Government, Sport and Cultural Industries (DLGSC) throughout the year. This collaboration has strengthened our understanding of the local government sector while also providing DLGSC with valuable insights from our audits and into our processes.

To support this ongoing relationship, we have a Financial Audit Senior Director to serve as the liaison between our office, DLGSC and key sector bodies.

During the year, we liaised with the DLGSC on:

- supporting the sector in improving financial reporting
- providing clarity on financial reporting requirements through suggested local government alerts issued by the DLGSC to aid in compliance
- their LG model annual financial report
- their proposed guide on the valuation of non-financial assets
- training needs for the sector and for our staff
- inter-agency presentations to the sector.

Local government bodies

We continued our engagement with key sector bodies, the WA Local Government Association (WALGA) and Local Government Professionals Australia WA (LG Pro), throughout the year. This included attending and presenting at conferences and meetings, as well as participating as an observer at the Local Government Professionals Finance Network Committee meetings.

We maintain regular dialogue with both WALGA and LG Pro to stay informed about emerging issues affecting their members. In parallel, regular and ad hoc meetings with DLGSC help ensure we remain current on matters impacting the broader sector.

President WA Local Government, Karen Chappel AM JP, presented *How performance auditors can help not hinder in local government* at IMPACT 2025 to help auditors better understand the challenges affecting the local government sector, particularly in regional and remote parts of WA.



Figure 15: WA Local Government Association President Karen Chappel AM JP presenting at IMPACT 2025

Department of Treasury

We regularly engage with the Department of Treasury to discuss financial reporting matters of mutual interest and relevance to our audit responsibilities. This collaboration included consultation on proposed publications such as Treasurer's Instructions (TI), Treasurer's Guidance Handbook and model annual reports, as well as presenting at Treasury's chief finance officers' forum.

With the introduction of new Treasurer's Instructions, we advised the Under Treasurer that we will use the 2024-25 State government sector financial audits to determine the potential impact of the new TIs and related guidance on our audits and on the sector, in addition to feedback already provided during the consultation process. We will provide this feedback to Treasury on an ongoing basis and to the Parliament as relevant in our financial audit results report.

The information gathered during the audits has, to the extent necessary, been used to consider changes to our audit methodologies, audit opinion wording, guidance and working papers.

We also engaged with Treasury on a substantial body of work on new accounting standards affecting the annual valuation of public sector land and buildings undertaken by Valuation Services (Landgate). As well as sector-wide initiatives led by other entities including proposed and new accounting, sustainability and climate reporting standards from the Australian Accounting Standards Board.

State Records Commission

Under section 58(b) of the *State Records Act 2000*, the Auditor General serves as an ex-officio member of the State Records Commission.

Public sector entities are entrusted with the use of public funds to deliver services, implement programs and manage assets. Sound recordkeeping underpins effective decision-making and business operations, strengthens accountability, supports good governance and mitigates the risk of fraud and inefficiency.

A recurring issue identified through our audits is inadequate recordkeeping practices. Through our work with public sector entities, we continue to promote the proper safeguarding, retention and integrity of official records. We also encourage a culture of continuous improvement in this critical area of public administration and accountability.



Australian Accounting Standards Board

The Auditor General serves as a non-remunerated member of the Australian Accounting Standards Board (AASB), an independent standard-setting body dedicated to developing high-quality and comprehensible accounting and sustainability reporting standards that promote transparency and comparability in general purpose financial statements, all in the public interest.

This role enables the Auditor General to contribute a balanced public sector perspective and represent a Western Australian perspective in the AASB's deliberations, supporting the development of robust and practical standards.

Pacific Association of Supreme Audit Institutions

The Pacific Association of Supreme Audit Institutions (PASAI) offers valuable opportunities to engage with Auditors General across the region. Despite differences in size and operational contexts, many face similar challenges, particularly around maintaining independence, securing adequate resources, and attracting and retaining qualified staff. These connections foster shared learning and collaboration, helping to strengthen public sector auditing capacity throughout the Pacific.

Our twinning arrangement with the Office of the Auditor General of Fiji continues to develop, fostering mutual growth and the exchange of knowledge to strengthen systems, processes and professional capabilities. The partnership has reached a significant milestone with an agreed annual work plan and outcome measures. Key areas of collaboration include sharing audit methodologies and demonstrating the use of TeamMate+ audit software. A formal signing of the twinning agreement by both Auditors General is scheduled for early in the next financial year.

Since September 2024, Fiji has virtually participated in our professional development sessions tailored for performance auditors. Additionally, we conducted a desktop quality review of one of Fiji's performance audit files as an important step in establishing a baseline understanding of capability and supporting continuous improvement.



AWARDS

Our *Annual Report 2023-24* was acknowledged this year at the W.S. Lonnie Awards, the public sector awards for annual reports. We won five awards: the W.S. Lonnie Memorial Trophy awarded to the best annual report for the year, the Alan Skinner Trophy for best annual report in the general government sector, the OAG Award for Transparency and Accountability, the Public Sector Commission Award for Good Governance and the Gold Award for Agencies with 101 – 1000 FTEs.



The judges said: *A very high-level, well-presented report. It provides ample discussion of issues facing the agency and addresses the plans in place to address these issues. The report is also engaging and well-structured throughout. Performance achieved is set out clearly, and assurance about reliability of performance is also clearly reported.*

Beyond WA, our annual report also earned a Gold Award at the 2024 Australasian Reporting Awards, recognising our overall excellence in annual reporting. The report was commended for its high-quality coverage across most aspects of the criteria and its disclosure of key aspects of our core business.



Figure 16: OAG WA employees at the W.S. Lonnie Awards



DELIVERING RESULTS

(Appendix AAR: 10.7B)

In 2024-25 we:



boosted quality and efficiency through embedding a new audit methodology and tool



reduced reliance on outsourced audits by actively managing contract costs and bringing more audits in-house



achieved strong recognition for financial audit value, with more than 90% of entities rating our work highly and expressing appreciation for the assurance and resources we provide



drove improvement in public sector accountability by supporting entities, especially those with significant issues, to strengthen their controls and reduce audit qualifications.



DELIVERING RESULTS

What is our objective?

- deliver credible, independent assurance reporting and advice, that helps improve public sector performance and accountability

How will we do it better?

- maintain a pragmatic and independent mindset that takes advantage of our multi-jurisdictional context
- maintain compliant audit methodologies that enhance audit impact and integrity
- maintain and enhance audit methodologies to comply with new standards
- safeguard and promote the OAG's independence, credibility and impartiality
- share knowledge and expertise within the OAG, across the public sector and the audit profession
- target audit activity to statutory obligations and key public sector exposures

What we do

- undertake timely high-quality, fair and balanced and transparent audits that are compliant with professional standards and deliver value for taxpayers

What does success look like?

- improved public sector financial management, performance and accountability
- improved awareness of what good governance looks like
- productive relationships with external stakeholders



FINANCIAL AUDITING

Our financial audits focus on ensuring the accuracy of an entity's financial report and provide independent assurance to the Parliament, ministers and local government councils that the annual financial reports of State and local government entities:

- are based on proper accounts and underlying records
- present fairly the operating results and cash flows for the period under review and the financial position at the end of the reporting period
- are presented in accordance with Australian Accounting Standards, relevant legislation/regulations, instructions and other mandatory professional reporting requirements and disclosure requirements.

Our audits are designed to identify significant errors or omissions that could impact the decisions of those who use financial statements and KPIs. While our audits provide valuable insights, they do not guarantee that every figure and disclosure in financial statements or KPIs is free from error, as not every transaction or piece of evidence is examined.

Using a sample-based approach, we review evidence supporting financial report amounts and disclosures. Additionally, we evaluate the appropriateness of accounting policies, the quality of disclosures and the reasonableness of significant accounting estimates made by management.



We summarise the results of the annual financial audits we conduct across the three sectors we audit – State government, local government and tertiary entities – in the financial audit results reports tabled in the Parliament for each sector. In addition, this year we issued one report on factual findings for Western Power, two compliance audit opinions, two Australian Prudential Regulation Authority reports, 305 audit opinions and 50 certifications to State and local government entities.

(Appendix AAR: 10.7B)

The significant drop in certifications since 2022-23 is due to changes in requirements for Royalties for Regions projects that require us to only audit at the end of the project as opposed to annually. We have also reached an agreement with the Australian Government that local government entities can engage an OAG approved contract audit firm to certify Local Roads and Community Infrastructure and Roads to Recovery projects, rather than OAG issuing all certifications.

Audit opinions issued	2020-21	2021-22	2022-23	2023-24	2024-25
Annual Report on State Finances	1	1	1	1	1
State government entities					
Parliamentary departments	3	3	3	3	3
Government departments	29	29	28	28	28
Statutory authorities	84	87	76	72	85
Universities and State training providers	9	9	9	9	9
Superannuation funds	2	2	2	2	2
Corporatised entities	14	12	12	13	12
Cemetery boards	2	5	3	2	4
Subsidiary entities	18	20	18	18	12
Request audits	4	3	2	3	4
Local government entities	123	142	161	148	145
Total	289	313	315	299	305
Certifications issued	2020-21	2021-22	2022-23	2023-24	2024-25
State government entities – statutory and other	21	31	54	25	17
State government entities – Royalties for Regions	99	81	10	1	9
Local government entities	132	280	231	67	24
Total	252	392	295	93	50

Table 13: Financial audit products delivered for the past five years



State government entities

The Auditor General must issue an audit report for each audited entity. These entities incorporate the report into their annual report, which is tabled in Parliament by their minister. The audit report provides our opinion on the financial statements and, depending on the entity's enabling legislation, may also cover controls and KPIs.

We aim to deliver audit opinions within 90 days of the financial year-end, aligning with the timeline for most State government and tertiary entities to table their annual reports. This year, we issued 91% of our audit opinions within the 90-day timeframe at an average of 68 days, compared to last year's 88% and 73 day average. The average figures show a significant drop compared to the 2019-20 and earlier levels, which consistently remained at or above 95%. To further improve audit timeliness entities need to submit quality financial statements and resolve outstanding issues and audit findings from previous years.

There has been a further decrease in the number of audit qualification matters at State government and tertiary entities, continuing the trend from last year. In the year ended 30 June 2024,

the number of qualifications reduced to 26 at 16 entities from 37 at 19 entities in the prior year. While there have been improvements, the number of qualifications is still too high, and many entities continue to have repeat audit qualifications. Of particular concern are those entities which received three or more qualifications each, pointing to broader control issues. All tertiary entities received a clear audit opinion.

In a notable achievement, the Department of Primary Industries and Regional Development resolved many of their prior year issues to have an opinion with only one qualification for the year ended 30 June 2024. This was a considerable improvement compared to the adverse controls opinion in the prior year. This example highlights that it is possible to address significant issues in a timely manner and return to a largely compliant controls environment given sufficient focused leadership and resources.

We reported through management letters a total of 949 audit findings for the 2024 financial year to State government entities, which is similar to the prior year (980 audit findings). These are made up of 437 financial management and 512 information system control matters.

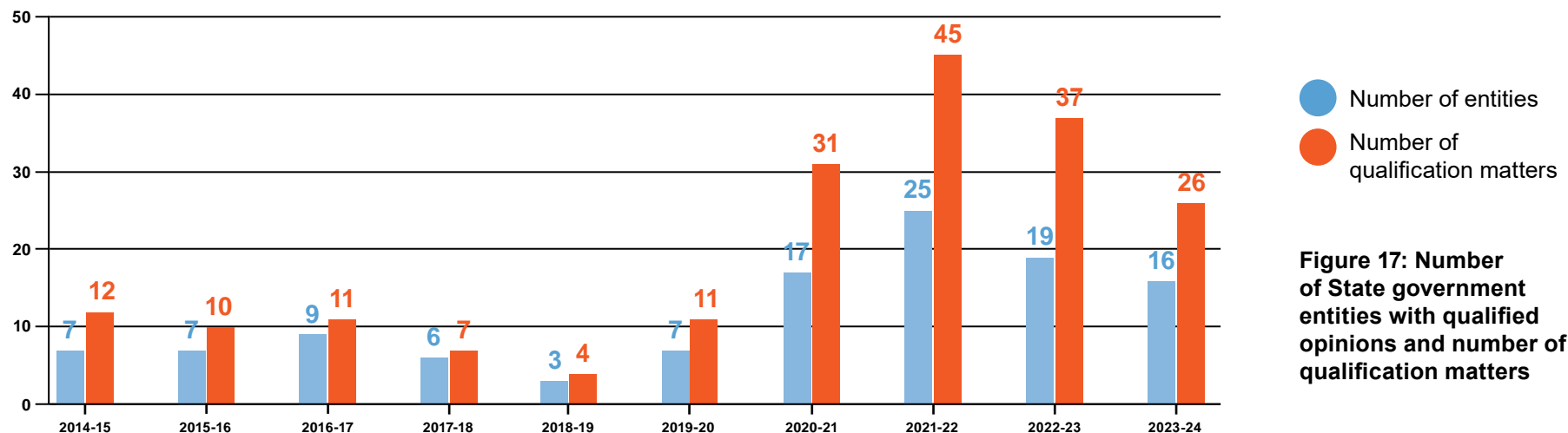


Figure 17: Number of State government entities with qualified opinions and number of qualification matters

Local government entities

The Auditor General is required to issue an auditor's report on the annual financial report and any other matters required by the Local Government Audit Regulations. Under the *Local Government Act 1995*, we are required to prepare a report by 31 December. Local government entities are required to publish their annual report, which contains the auditor's report, on their website within 14 days of their council accepting the annual report.

For the financial year ended 30 June 2024, we issued six qualified opinions on seven matters, which is a decrease from the 12 qualified opinions on 16 matters issued last year. In this financial year, we issued no disclaimers of opinion and one material uncertainty relating to going concern. We also issued one disclaimer of opinion and three qualified opinions on audits carried over from the 2022-23 financial year.

We reported to local government entities through management letters a total of 865 audit findings for the 2023-24 financial year, which is a significant decrease on the prior year (1,191 audit findings). These are made up of 512 financial management and 353 information system control matters.

We issued 91.8% of entities' audit opinions prior to 31 December 2024, slightly improving on the 89% we achieved with the sector for the 2022-23 financial year. It took us an average of 70 days after receiving entities' financial reports to issue our financial audit opinions, compared to 78 days last year. We continue to work with the sector to support timely submission of audit-ready financial statements and supporting information to further increase timely delivery.



Technical Committee

When significant financial control or reporting issues are identified during State or local government entity financial audits, our workload increases substantially. Complex matters extend audit timelines and drive-up costs, as they initiate a rigorous process involving senior-level personnel, multiple review stages, extensive documentation and comprehensive analysis.

Difficult or contentious financial audit matters include:

- new, continuation or removal of qualifications relating to the financial statements, KPIs or controls opinions
- new emphasis of matter paragraphs
- new other matter paragraphs (these refer to a matter other than those that are presented or disclosed in the financial report)
- new matters of significance (in relation to KPIs)
- new material uncertainty to operate as a going concern paragraphs.

To maintain audit quality, our financial auditors prepare technical papers on complex issues, which are reviewed individually by committee members in the following order:

- engagement leader
- senior member of the Financial Audit business unit (peer review)
- Senior Director Information Systems (if general computer control applicable)
- Assistant Auditor General Financial Audit
- senior member of the Technical and Audit Support business unit
- Assistant Auditor General Technical and Audit Support
- Deputy Auditor General
- Auditor General.



Every matter is subject to thorough deliberation with a detailed review of supporting evidence to assess whether inclusions in or modifications to the audit report are warranted. This process ensures that our audit reports communicate key issues effectively and remain aligned with reporting and auditing standards.

Resolving these matters takes time, as it involves consultation with the affected entities, contracted audit firms and, where relevant, counterparts from other jurisdictions. Consideration is also given to prior audit precedents to uphold consistent treatment across the WA public sector.

Our Technical and Audit Support team offers expert guidance to all committee members, including the Auditor General. Efforts are made to reach a consensus. When professional views differ, those perspectives are formally recorded. For particularly complex cases, decisions may require several rounds of senior-level meetings and extensive documentation, contributing to increased effort, time and cost in audits for entities with major financial control and reporting challenges.

Working with audit firms

For the 2025 financial year, we outsourced the financial audit work of 52% of State government entities and 87% of local government entities. The Auditor General, or an OAG delegate, signs the audit opinion and is accountable for the work of our contract audit firm (CAF) partners.

Auditor quality, value and rotation are maintained through our ongoing firm pre-qualification, tendering, file review and quality oversight arrangements.

We held our annual briefing for CAFs in May 2025. At the briefing we provide the CAFs with an update on recent financial and information systems audits, technical matters, survey results, expectations

going forward, administrative matters they need to be aware of, and tenders and contract extensions.

The outsourcing of public sector audits is a common practice across jurisdictions to meet periods of peak demand and provide access to specialist skills. We value the opportunity to benchmark our own audit quality and efficiency. We maintain oversight of CAF audit planning, finalisation and key audit judgements, and engage with entities throughout the process, including attending key meetings.

While it is common practice, we are seeking to bring more audits in-house going forward to reduce our reliance on CAFs (figure 18). We are also reducing the number of contractors we use to deliver the audit work program as we look to build capacity and become more efficient.

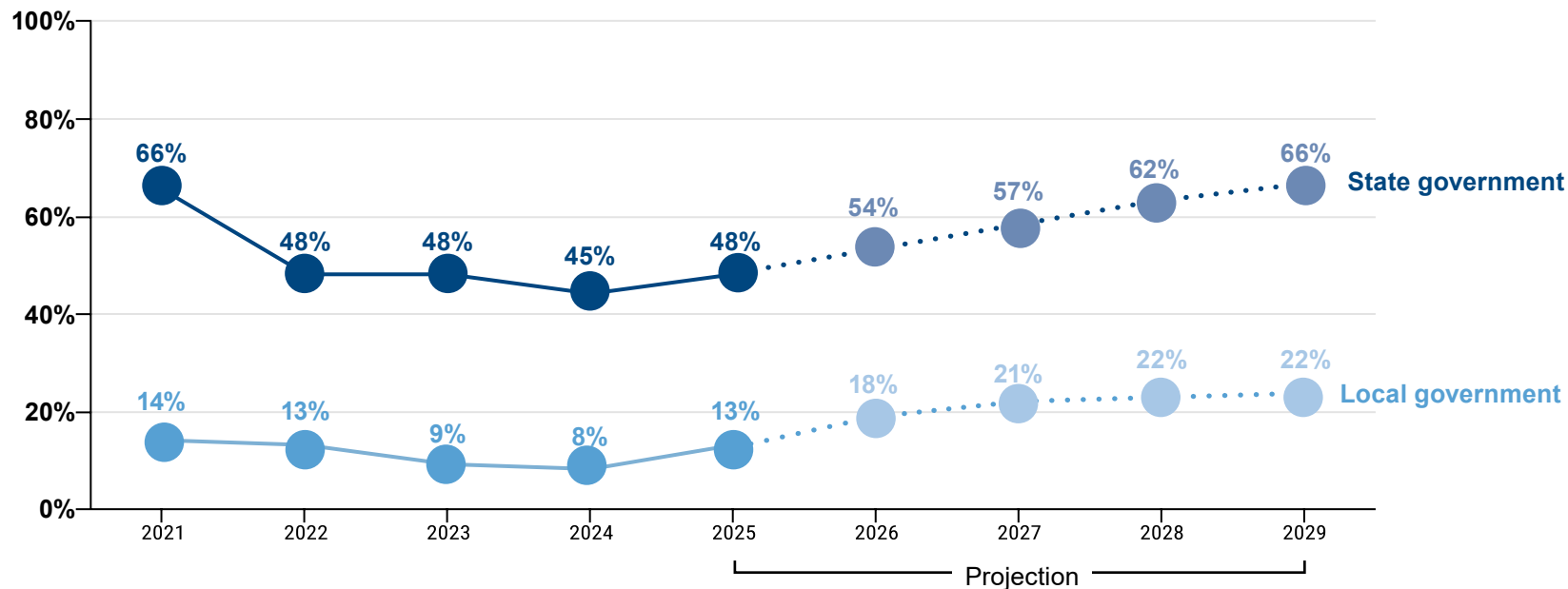


Figure 18: Percentage of financial audits in the State and local government sectors undertaken in-house and projected to be brought in-house by 2029

Surveys of financial audit entities

We invite audited entities to provide feedback on the performance of our employees and CAFs during their financial audit. An independent research company conducts the survey and we use the results to identify opportunities to enhance our service delivery.

State government

This year, the survey results of State entities (including tertiary entities) showed a continued upward trend of improvements, particularly in client engagement and senior audit staff involvement.

Conducted over three rounds between October 2024 and May 2025, the survey achieved a strong response rate of 86% (124 out of 144 clients), up from 77% in 2023-24 and 70% in 2022-23.

More than 90% of entities rated our audit's value as 'very high' or 'high', and nearly all agreed they value the assurance provided and the recommendations to improve financial management and internal controls.

Entities also expressed appreciation for our supporting resources, including the Better Practice Guide – Financial Statements, the Annual Audit Results reports and the Audit Readiness Tool.

Statement	% Agree					
	2019-20	2020-21	2021-22	2022-23	2024-25	
The auditors conducted themselves professionally during the audit	98	97	94	96	96	▬
The auditors were responsive to our needs	82	78	84	90	89	▬
The OAG's management letters communicated the audit findings and issues clearly	89	90	93	96	92	▽
The Auditor General's audit opinion was issued in a timely manner	87	77	79	92	97	△
We value the assurance we obtain from the audit of our statutory financial statements	94	94	94	98	97	▬
We value the OAG's recommendations to improve the financial management and internal controls of our organisation	89	90	88	95	92	▽

Table 14: Selected State government entity financial audit survey results



Scan the QR code to access Audit Readiness Tool

Local government

This year, our survey results of local government entities were highly positive and saw improvements in all aspects of our auditing performance.

Nearly all entities (99%) rated the professionalism of our auditors positively, with many noting the quality and communication of management letters.

The audit process received higher ratings this year, with significant improvements noted in the timeliness of the audit program, the involvement of senior audit staff and the auditors' professional knowledge.

Conducted over three rounds between February and July 2025, a total of 88 out of 144 audit clients responded to the survey, resulting in an overall response rate of 61%, unchanged from last year.

Statement	% Agree					
	2020-21	2021-22	2022-23	2023-24	2024-25	
The auditors conducted themselves professionally during the audit	98	97	84	93	99	△
Audit staff were responsive to our needs	80	71	68	81	83	△
The management letters clearly communicated the audit findings and issues	95	94	83	88	94	△
The Auditor General's audit opinion was issued in a timely manner	71	68	71	85	90	△
We value the assurance we obtain from the audit of our statutory financial report	87	91	83	88	90	△
We value the OAG's recommendations to improve the financial management and internal controls of our organisation	84	85	80	84	85	△

Table 15: Selected local government entity financial audit survey results



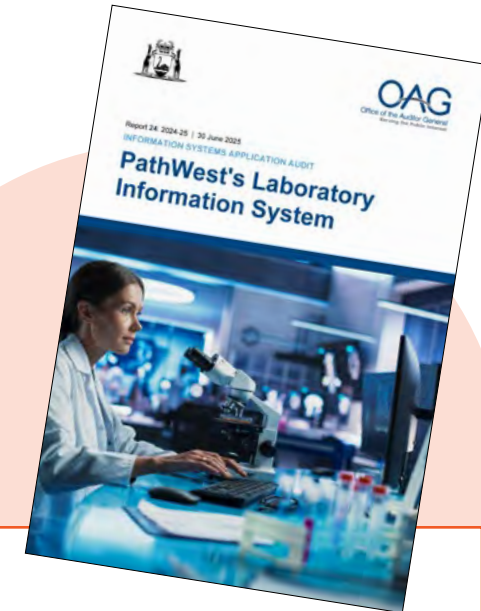
INFORMATION SYSTEMS AUDITING

Our information systems audits examine the IT environments and key software applications that support core government operations and service delivery.

Each year, we assess general computer controls across entities to determine whether they effectively support the integrity, confidentiality and availability of their information systems used to process and maintain financial information. Robust, well-functioning controls are a vital line of defence against security breaches and the growing threat of cyber attacks.

These audits are a key element of our program. They not only underpin our financial audit opinions and inform our assessments of entity capability but also uncover recurring weaknesses. The recommendations in our reports address these common issues, making them valuable beyond the entities we directly audit.

We also review a selection of important software programs (applications) that public sector entities rely on to facilitate their key business processes. Applications help entities perform important routine functions (such as finance, human resources, case management, licensing, billing and service delivery) and those functions that are unique and essential to them. If applications and their related processes are not managed appropriately, it can result in loss or inappropriate use or disclosure of information, service delivery delays and disruptions, and increase the risk of fraud and financial loss.



Publication of vulnerabilities delayed

This year we audited the laboratory information system supporting PathWest. We found the system effectively supports operations but uncovered significant vulnerabilities that posed risks to sensitive health data. We delayed publication of the report until PathWest had addressed the issues. This decision reflects our commitment to responsible auditing and the protection of sensitive information, in the public interest.

FORENSIC AUDITING

We undertake targeted forensic audits into aspects of financial management and probity across the State government sector, including the use of data analytics to examine procurement and contract management systems. To preserve the integrity of these audits and reflect their sensitive nature, they remain confidential during the course of the work and are generally not listed on our website as current audits.

Our program features in-depth forensic audits focusing on high-risk areas, as well as broader cross-entity examinations, informed by risk-based intelligence. Based on the results of our preliminary reviews, not all planned audits may proceed to full examination.

Although specific instances of suspected or confirmed fraud or corruption may not always be identified, our audits often reveal vulnerabilities within entities' control frameworks. Highlighting these weaknesses helps entities strengthen their systems and better manage fraud and corruption risks.



PERFORMANCE AUDITING

Our performance audits evaluate the efficiency and effectiveness of public sector programs, services and activities. These audits also identify waste, legislative non-compliance and examples of good practice, while offering practical recommendations for improvement.

We require entities to formally accept or disagree with each recommendation and set specific timelines for implementation. This process promotes transparency and strengthens accountability to Parliament by encouraging prompt, meaningful action to address identified issues beyond mere acknowledgment of the findings.

Responsibility for implementing audit recommendations rests with each entity's accountable authority, supported by management and its audit committee. The Public Accounts Committee of Parliament also plays a key role in monitoring entity responses to our reports (page 73).

Summaries of the information systems, performance, and forensic audits tabled in 2024-25 can be found from page 103.





ASAE 3500 Standard on Performance Engagements revision

Jason Beeley, Assistant Auditor General Performance Audit, was part of the Auditing and Assurance Standards Board (AUASB) project advisory group that oversaw the review of ASAE 3500.

The exposure draft of the revised standard was open for public comment until 30 July 2024, and a revised standard was released on 16 December 2024. Overall, the direction of the review was to plain English the standard and move it closer to the International Organisation of Supreme Audit Institutions (INTOSAI) standards. Revisions to the standard include reporting requirements, guidance on limited assurance engagements, and making significance easier to understand and meaningful to apply based on practical experience.



Surveys of information systems, performance and forensic audit entities

After we table a performance, forensic or information systems application audit report in Parliament, we invite audited entities to share their feedback on the report and the audit process, including their engagement with our employees. An independent research company conducts the survey, providing insights that help us identify key performance drivers. We use these results to strengthen our performance and focus our training and improvement efforts where needed.

This year's results were broadly positive, though overall ratings were lower than the very high levels recorded last year. Entities continued to express strong appreciation for the professionalism and expertise of our auditors, with 93% agreeing that audit staff conducted themselves professionally.

However, feedback also pointed to opportunities for improvement, particularly in communication, collaboration and timeliness. The vast majority of open-ended feedback from entities about the value of the audit and the benefits of the audit outcomes was positive, with many entities emphasising the audit had helped to identify specific gaps and opportunities for improvement or provided independent assurance around their existing processes.

However, some entities felt the audit did not provide new insights beyond issues that were already being addressed, or that systemic issues and resource limitations would hinder their ability to fully implement the recommendations.

In response to the slight decline in survey results, we conducted regression analysis to identify the key drivers of perceived audit process quality, reporting quality, and overall value of our performance audit services. This analysis has helped us pinpoint priority areas for improvement. We will continue to focus on these drivers during our work with the entities as part of our commitment to continuous improvement.



Statement	% Agree					
	2020-21	2021-22	2022-23	2023-24	2024-25	
The auditors communicated with us effectively	84	82	86	87	84	▽
We were promptly informed of significant issues/findings as they arose during the audit	75	70	75	69	65	▽
The auditors adequately understood the subject matter being audited, including the operating environment	65	74	56	74	73	▬
The auditors demonstrated that they had the professional skills and knowledge required to conduct the audit	81	84	71	87	80	▽
The auditors conducted themselves professionally during the audit	97	97	94	95	93	▽
We were provided with adequate opportunities to comment on the audit findings and issues before the final report was tabled in Parliament	94	82	86	87	87	▬
The tabled audit report communicated the audit findings and issues clearly	86	77	81	92	84	▽
The tabled audit report was factually accurate	73	79	77	87	84	▽
The tabled audit report was balanced and fair	75	74	74	80	71	▽
The audit will help us improve the performance of the audited activity	64	59	77	92	77	▽

Table 16: Selected survey results



Performance audit topic selection

Our performance audit program plays a vital role in enabling the Auditor General to provide independent assurance on significant public administration issues. A cornerstone of this independence is the Auditor General's discretion to decide what, when and how to audit, without direction.

Each year, we receive numerous audit suggestions from members of Parliament and the community. Our auditors also identify potential audit topics during their work with public sector entities. These insights feed into a growing pool of possible audits, far more than we have the resources to undertake.

To help prioritise, we consult on emerging themes and our draft audit program. This engagement with the Parliament and public sector entities shapes our final audit schedule, which we publish at audit.wa.gov.au/audit-program/audits-in-progress.

Our selection of audit topics is objective, robust, transparent and focuses on systemic issues where an audit may have an impact on the efficiency or effectiveness of public sector service delivery. While individual grievances and cases do not generally result in a performance audit, they may inform areas of focus.

Further details on our topic selection process are available on our website.



Topic triage tool

To support impartial decision-making, we've developed a performance audit triage tool designed to further increase rigour around the context of proposed audit topics.

Each suggested audit topic is assessed across six criteria:

- context
- impact
- materiality
- coverage
- risk
- auditability/efficiency.

A topic is then assigned a score out of 10, reflecting its potential cost-benefit and risk profile, as well as key performance indicator alignment and ideal audit timing. This scoring framework informs the deliberation and development of our forward audit program, which has regard to whole-of-sector trends, audit coverage and, of course, parliamentary and public interest in potential audit topics.

OPINIONS ON MINISTERIAL NOTIFICATIONS

When a minister decides not to provide certain information to Parliament concerning the conduct or operation of a State government entity (usually in response to a parliamentary question), it triggers obligations under section 82 of the *Financial Management Act 2006* and section 24 of the *Auditor General Act 2006*. The minister is required to notify the Parliament and the Auditor General of their decision to withhold information. The Auditor General is then required to form an opinion and report to Parliament on the reasonableness and appropriateness of the minister's decision. Our assessment is based on whether the information withheld is subject to public interest immunity, such as Cabinet confidentiality, legal professional privilege or commercial confidentiality.

The number of ministerial notifications referred to the OAG varies from year to year. A single notification may result in multiple opinions. This year we received two notifications and issued three opinions. Summaries of the ministerial notification reports we tabled in Parliament are available from page 103.

	2006-07 to 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Number of ministerial notifications received	171	4	3	7	3	2	190
Number of parliamentary questions included in notices received	214	4	3	7	8	4	240
Number of opinions tabled	204	13	3	8	7	3	238
reasonable	120	9	2	7	0	3	141
not reasonable	79	3	1	1	2	0	86
disclaimer of opinion	5	1	0	0	5	0	11
An opinion could not be/ was not provided	10	2	1	0	0	0	13
Being assessed at 30 June 2025					1	0	
Total cost for opinions tabled (\$'000)	2,292	487	71	248	53	62	3,213
Total hours for opinions tabled	10,328	2,702	274	1,032	173	281	14,790

Note: Ministerial notifications have been reported in previous years as matters instead of notices, so some figures may differ to those previously reported.

Table 17: Ministerial notifications received

REPORTS TABLED IN 2024-25

In 2024-25, we tabled 24 reports in Parliament. We aim to deliver timely, relevant and quality reports on public sector financial and non-financial performance and accountability. These reports contribute to our vision of supporting accountability and continuous improvement in the public sector through an informed Parliament and community.

The following pages are brief summaries of the reports tabled this year which are available on our website at audit.wa.gov.au/reports.



Report 1

Supplier Master Files – Better Practice Guide

 1 August 2024

Governance

This better practice guide aims to help WA public sector entities, especially those working in a finance function, improve their management of supplier data. Our financial and forensic audits across State and local government entities continue to identify shortfalls in the management of information about suppliers, including inadequate record keeping practices, and ineffective controls and weaknesses in data security. The guide focuses on better practices to reduce the risk of fraud, corruption and error in managing supplier data.



Report 2

Legislative Reform Priorities and Timeframes – Opinion on Ministerial Notification

 19 August 2024

Governance

The report deals with a decision by the Attorney General, the Hon John Quigley MLA, not to provide information to the Legislative Council's Standing Committee on Estimates and Financial Operations about legislative reform priorities and timeframes. We found the decision to not provide information reasonable and therefore appropriate. The information requested is Cabinet-in-confidence; it would reveal the deliberations of Cabinet, and it was not publicly available.



Report 3

Management of State Agreements

 30 October 2024

Economic development

The audit found the Department of Jobs, Tourism, Science and Innovation (JTSI) partially effective in managing state agreements and monitoring benefits to the State and community. JTSI has made little progress to the recommendations of a similar report we did 20 years ago – there is still a lack of visibility despite recommending greater transparency on the performance of state agreements and how they contribute to economic and community development in WA. Additionally, JTSI does not proactively pursue updates to outdated state agreements, which expose the State to risk. It has more work to do to embed a comprehensive management framework.



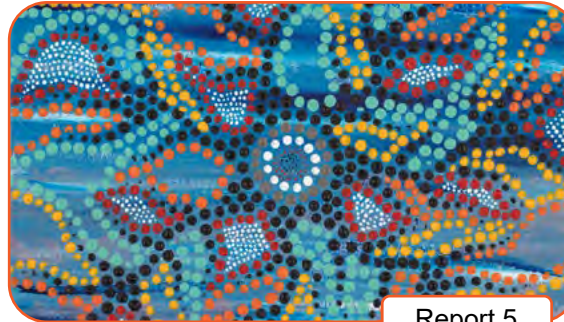
Report 4

Quality and Utilisation of Emergency Department Data

 20 November 2024


Service delivery

The audit found the Department of Health (DoH) not fully effective in capturing and using relevant, accurate and consistent emergency department (ED) information. There are significant inefficiencies, user frustrations and control weaknesses in the ED information systems and processes used. In particular, ED data collection, handling and storage processes in their current form have significant control weaknesses and remain unauditable for the purposes of annual audits of State entity controls and key performance indicators. DoH needs to prioritise the refresh of the WA Health Digital Strategy 2020 and continually assess if it is collecting the right information, for instance looking at ED patient journeys and not just instances of care.



Report 5

Implementation of the Aboriginal Procurement Policy

 21 November 2024

Social and environment

The audit found the Aboriginal Procurement Policy (APP) has been partially effective in providing opportunities for Aboriginal businesses to supply to State government entities and supporting employment and economic development for Aboriginal communities. The State Government overall has met the policy target each year, but this is based on the strong performance in procurement practices of a few large State entities in particular, while the majority, including OAG, have either not consistently met targets or have never met them. The APP supports Aboriginal employment, but the extent is unclear and wider social impacts are not measured.



Report 6

Provision of Additional Information to the Standing Committee on Estimates and Financial Operations – Opinion on Ministerial Notification

 22 November 2024

Governance

We found the three decisions by the Minister for Health, the Hon Amber-Jade Sanderson MLA not to provide information to the Legislative Council's Standing Committee on Estimates and Financial Operations 2023-24 budget estimates hearings reasonable and therefore appropriate. The report also includes a determination that a section 82 notice from the Minister for Forestry, the Hon Jackie Jarvis MLC, in relation to the 2024-25 budget estimates hearings for the Forest Products Commission was not required.



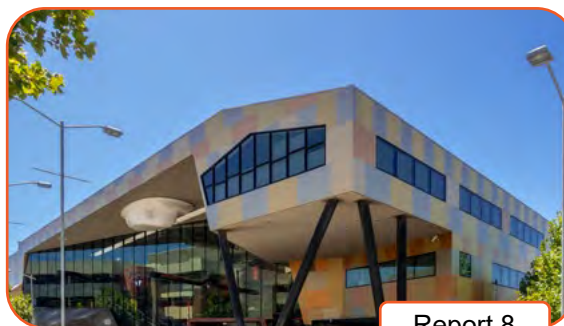
Report 7

WA Student Assistance Payment – Controls Review

 27 November 2024

Governance

The audit looked at the Department of Education's administration of the Western Australian Student Assistance Payment scheme and assessed if the funds were distributed appropriately and in a timely manner to eligible recipients. The Department implemented the scheme effectively in a short timeframe through highly focused risk management, resource allocation and reprioritisation, and extensive stakeholder consultation and collaboration. The report includes key considerations which could support other State government entities if they are directed by Government to undertake similar initiatives in the future.



Report 8

Universities and TAFEs 2023 – Financial Audit Results

 5 December 2024

Governance

The report summarises the annual financial audit results of the tertiary sector for the 31 December 2023 reporting year and includes the annual audit results of a small number of other entities. Clear opinions were issued for all universities and TAFEs. The number of financial management and information system controls findings reduced and the proportion of matters unresolved from the previous year nearly halved, from 43% to 23%. The report includes a number of recommendations for WA universities and TAFEs to further improve financial reporting timeliness and enhance operational efficiencies.



Report 9

Child Protection Case Management System – Assist

 20 March 2025

Governance

The audit assessed the Assist application and related systems which holds personal and sensitive data on over 180,000 children. It supports over 2,500 staff to investigate, assess and monitor children at risk and provide support and services to vulnerable children. We found the Department of Communities does not effectively manage the confidentiality, integrity and availability of the Assist application and the personal and sensitive information it holds. The report includes recommendations to protect the confidentiality and integrity of information held and to ensure uninterrupted service delivery.



Report 10

Fraud Risks in WA Greyhound Racing Association



11 April 2025

Governance

This audit assessed whether there were significant vulnerabilities to, or potential indicators of, fraudulent activities relating to employee reimbursements, annual leave balances and conflicts of interest at WA Greyhound Racing Association (WAGRA). It found that in some respects, WAGRA operated like a small family business, which led to inadequate management of conflicts of interest, employee records and procurement processes. While we did not identify fraud, the control weaknesses leave WAGRA vulnerable to fraudulent activities.



Report 11

Local Government 2023-24 – Information Systems Audit Results



11 April 2025

Governance

This is our sixth report on the findings from our audits of local government entities' information technology general computer controls. The audit found entities have improved considerably since last year's audit. We reported 360 findings to 89 entities in 2023-24 compared to 473 findings to 76 entities the year prior. We also saw improvement in our capability maturity assessments at 11 entities. This is a welcome change resulting from the work entities have been undertaking over the years to implement controls to address our audit findings. However, like previous years, the five categories that relate to information and cyber security controls continue to be of high concern.



Report 12

Local Government 2023-24 – Financial Audit Results



24 April 2025

Governance

This is our third year auditing the entire local government sector with 135 of 147 entities signed by 31 December 2024. Twelve entities were not included in the report as submission of auditable financial statements and supporting information was late and their financial statements were outstanding. The audit found a reduction in financial management control matters from 718 to 512. The sector continues to largely provide timely financial reporting, however accuracy remains a concern with over \$400 million in errors identified during the audits. On average, each entity submitted four versions of their financial statements before audit completion, with one entity submitting 16 versions. Multiple revisions create delays, cost time and resources, and reflect gaps in quality assurance processes.



Report 13

State Government 2023-24 – Financial Audit Results

 30 April 2025

Governance

The audit summarises the final results from our annual audits of the financial statements, controls and key performance indicators of departments and statutory authorities for the 2024 reporting year. Our audits identified errors of \$2 billion in the initial financial statements, of which \$1.6 billion required adjustment. We found the number of audit qualification matters in 2023-24 decreased from 37 at 19 entities to 26 at 16 entities, marking a two-year downward trend. Furthermore, the number of significant control weaknesses is at a five-year low, however the number of qualifications is still too high, and many entities continue to have repeat audit qualifications. Of particular concern are entities with three or more qualifications, as this indicates broader control weaknesses.



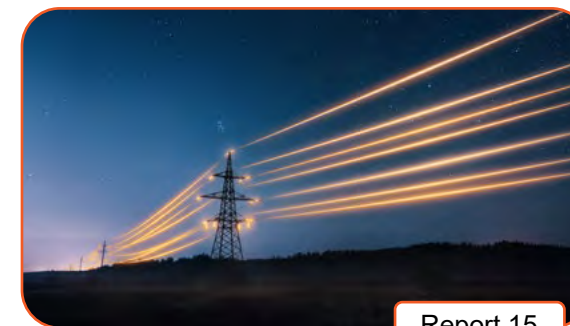
Report 14

State Government 2023-24 – Information Systems Audit Results

 30 April 2025

Governance

Our information systems audits focus on the computer environments of entities to determine if their general computer controls effectively support the confidentiality, integrity and availability of information systems and the information they hold. The audit found slight improvements across the sector, but not enough is being done to address known issues. We found 67% of significant findings were unresolved issues from prior years. Entities taking a long-term approach to resolve weaknesses need to introduce compensating controls to reduce immediate risks and safeguard against persistent cyber attacks. For many entities, this includes protecting the sensitive and personal information of Western Australians, such as medical and court records.



Report 15

Electricity Generation and Retail Corporation (Synergy)

 30 April 2025

Governance

This report contains an opinion for an audit assessing Synergy's compliance with the division of its operations into segments and the segregation arrangements throughout the period 1 July 2023 to 31 December 2024 (Part 2 Division 1 and segregation arrangements) and with the financial administration requirements throughout the period from 1 July 2023 to 7 August 2024 (Part 2 Division 2). The result of the audit was satisfactory.



Report 16

Fraud Risks in Land Transactions by DevelopmentWA



28 May 2025

Governance

The audit objective was to identify irregularities in land transfer information which may indicate fraud, corruption or misconduct with a potential connection to government land. The expected rigour, consistency and curiosity around land transactions was absent and DevelopmentWA was not conducting land sales in a way that minimised the risk of error, fraud and corruption. Further, it is unable to demonstrate that probity and value for money was achieved. The recent Board-led drive for cultural change must continue, with a renewed focus on staff attention to detail and due process at all levels, to ensure transparency and accountability in all sales of publicly owned land.



Report 17

Local Government Management of Purchasing Cards – Larger Metropolitan Entities



28 May 2025

Governance

This is our second audit in two years on local government entities' management of purchasing cards. The six entities had varying controls in place to manage the issue, use and cancellation of their purchasing cards but weak implementation and control gaps meant their controls were only partly effective. We found no evidence of cards being misused, in part because without clear policies and guidance, we had no benchmark to assess purchases against. The report includes some examples of expenditure that appeared excessive when compared with practices in the State sector.



Report 18

Universities and TAFEs 2024 – Financial Audit Results



30 May 2025

Governance

The report summarises the results of the annual audits of the public tertiary sector for the 31 December 2024 reporting year. All the public universities and TAFEs were issued clear opinions on their financial statements, controls and key performance indicators. However, information system weaknesses continue to be an area of concern particularly in the current environment where cyber related risks are widespread. All four universities recorded a surplus, their profitability in direct contrast to the TAFEs which each ran at a deficit for the fourth consecutive year in 2024.



Report 19

Administration of Personal Leave

6 June 2025

Governance

The audit objective was to assess if five State government entities effectively administer personal leave entitlements to minimise financial risk. We found generally entities had appropriate systems to administer personal leave. However, personal leave balances were not always accurate, and entities did not always have appropriate checks in place to identify inaccuracies. The report includes recommendations to improve systems including the use of internal personal leave audits to identify and correct any inaccurate leave balances and enacting controls to prevent staff accruing time off in lieu when personal leave is taken.



Report 20

Regulation of Water Licences

11 June 2025

Governance

The audit objective was to assess if the Department of Water and Environmental Regulation (DWER) effectively monitors and enforces water licence conditions. We found DWER does not effectively monitor or enforce the conditions on the more than 12,000 water licences in WA. Its current activities provide a limited understanding of actual compliance and do little to deter licence holders from breaching their conditions in the future.



Report 21

2025 Transparency Report – Major IT Projects

16 June 2025


Service delivery

This report provides transparency to Parliament and the public around the cost and time status of 10 major information technology projects being delivered by five State government entities. It showed publicly available information on IT projects is patchy and inconsistent, and projects are costing more and taking longer than initially planned. The estimated total cost of the 10 projects we reviewed is at least \$1.6 billion more than the \$2.6 billion initially advised to Government, with further increases expected. Eight of the projects will be delivered later than originally planned, with delays ranging from four to 78 months. As an example of more transparent public reporting, we have developed a data dashboard for the 10 selected projects that is available on our website.



Report 22

Electricity Generation and Retail Corporation (Synergy)

 25 June 2025


Governance

This report contains an opinion for an audit conducted under Part 4 of the Regulations that assessed Synergy's compliance with Part 2 Division 3 – Other segregation obligations throughout the period ended 31 December 2024. Except for non-compliance with Regulation 16(2) under Part 2 Division 3, Synergy has complied in all material respects with the requirements of this Division.



Report 23

Conservation of Threatened Ecological Communities

 26 June 2025


Social and environment

The audit objective was to assess if the Department of Biodiversity, Conservation and Attractions is effectively managing threatened ecological communities (TECs). The audit found the Department cannot effectively track nor demonstrate the impact of its practical conservation activities on the condition of TECs. To give fuller protection to our unique flora and fauna for generations to come, the Department needs to take the next steps in its planning and operations and use the powers at its disposal to meet the conservation obligations it has.



Report 24

PathWest's Laboratory Information System

 30 June 2025

Governance

This audit found significant weaknesses in PathWest's management of Soft Laboratory Information System (SoftLIS) and the sensitive data it holds. PathWest did not maintain oversight of SoftLIS vulnerabilities, and many important components run on unsupported operating systems that do not receive regular security updates. The audit was completed November 2024 but (in accordance with sections 7(6) and 25(1) of the *Auditor General Act 2006*) it was in the public interest to delay publishing the findings while PathWest addressed critical vulnerabilities. We assessed PathWest's remediation work in the second quarter of 2025. This report summarised our audit findings and included recommendations for continued remediation.

Website statistics

Website statistics provide an indication of the degree of interest in our reports. The report that has been accessed the most this year is *Audit Readiness – Better Practice Guide*. This guide is the most accessed report for the second consecutive year and facilitates audit preparedness with a suite of online templates.

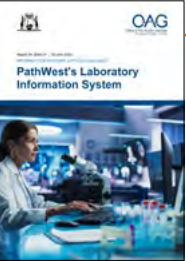


Report	Total	Downloads	Page views
<i>Audit Readiness – Better Practice Guide (30 June 2023)</i>	19,045	4,006	15,039
<i>Annual report 2023-24 (26 September 2024)</i>	3,070	1,084	1,986
<i>Public Trustee's Administration of Trusts and Deceased Estates (10 August 2022)</i>	2,880	238	2,642
<i>2025 Transparency Report – Major IT Projects (16 June 2025)</i>	2,706	781	1,925
<i>Management of Long Stay Patients in Public Hospitals (16 November 2022)</i>	2,454	389	2,065
<i>Management of State Agreements (30 October 2024)</i>	2,395	493	1,902
<i>Working with Children Checks – Follow-Up (23 October 2019)</i>	2,363	23	2,340
<i>Implementation of the Essential Eight Cyber Security Controls (6 December 2023)</i>	2,344	281	2,063
<i>Supplier Master Files – Better Practice Guide (1 August 2024)</i>	2,111	541	1,570
<i>Regulation of Water Licences (11 June 2025)</i>	2,104	590	1,514

Table 18: Top reports accessed from our website in 2024-25

AUDIT IMPACT

We work to enhance public sector performance and accountability by producing credible, independent reports and recommendations. These reports support Parliament in its scrutiny of public sector operations and often drive meaningful changes in government practices benefiting both the Western Australian community and the broader public sector. Examples of improvements resulting directly from our reports include:



PathWest's Laboratory Information System (2025)

In response to the report, Pathwest, overseen by the Department of Health, has addressed many of the shortcomings and is focused on the remaining weaknesses. On the day of tabling the Western Australian Premier Roger Cook MLA said significant weaknesses found in the software used by PathWest to store confidential information is an important reminder to maintain a culture of privacy and confidentiality.



Regulation of Water Licences (2025)

On 12 June 2025, the State Government announced a \$16.7 million boost to assessment capacity as part of the State Budget, including \$4.5 million to fund 11 full-time positions to manage the expected growth in water license and works approval applications at the Department of Water and Environmental Regulation.



Compliance with Mining Environmental Conditions (2022)

In response to one of the report's recommendations, the Department of Energy, Mines, Industry Regulation and Safety now releases the tenement or titleholders name alongside the non-compliance information it publishes.

MANAGING FEEDBACK AND COMPLAINTS

We gather information from a variety of sources to support the effective delivery of our responsibilities. This information is handled with strict confidentiality, and all feedback, suggestions and concerns are managed in accordance with our core values of integrity, quality and service.

Our website outlines how to get in touch with us and offers opportunities to submit referrals, provide feedback on current audits or propose future audit topics. Submissions received through these channels may be reviewed under the *Auditor General Act 2006* and considered in our audit topic selection process (page 100).



Public interest disclosures

We have an important role to receive public interest disclosures (PIDs) that relate to substantial unauthorised or irregular use of, or substantial mismanagement of, public resources. This is a broad remit and one that takes considerable time and resources for our team to receive, discuss, assess and, as appropriate, investigate – all while keeping the discloser's identity protected. We provide updates to the discloser on our progress with these matters, and at times may refer them to other entities if required.

The *Public Interest Disclosure Act 2003* sets in place a system to encourage people to report serious wrongdoing without fear of disciplinary action, dismissal or being sued for defamation or breach of confidence. These are serious matters for OAG.

In 2024-25, we received nine disclosures, of which four were assessed as an appropriate disclosure.

PIDs help inform audits, result in briefings and notifications to other entities and facilitate communication of matters to more appropriate investigative agencies. Themes of matters provided to the OAG are broad and typically have a strong nexus to integrity issues.

Referrals

Referrals are often an early signal of potential concerns relating to performance, integrity and compliance within the public sector. All referrals received are recorded in our intelligence database and this information plays a vital role in identifying sector-wide trends and highlighting areas or entities that may warrant closer audit scrutiny.

We receive referrals across a broad spectrum of topics. We prioritise systemic issues when selecting audit topics, rather than isolated matters involving individuals. When a referral falls outside our jurisdiction, we make every effort to direct the individual to the appropriate body that can assist.

For matters that cross jurisdictional boundaries or fall under the mandates of other integrity bodies such as the Corruption and Crime Commission or the Public Sector Commission, we follow established protocols to collaborate with the relevant agencies.

In 2024-25, we received 143 referrals, responding to them in an average of 1.9 days (compared with 2 days last year). We met our five-working-day response target in 99% of cases, compared to the 95% the previous year.

Source of referrals	2020-21	2021-22	2022-23	2023-24	2024-25
Members of the public	153	132	150	91	124
Member of Parliament or a parliamentary committee	5	3	2	4	0
WA State government entities	11	8	11	14	13
WA local government entities	8	7	7	7	6
Total	177	150	170	116	143

Table 19: Number of referrals and enquiries received over the past five years



Complaints

We define a complaint as any expression of dissatisfaction received by the OAG regarding our people, practices, products or services. In recent years we have broadened our scope to capture and assess a wider range of communications, allowing us to learn and improve.

We recognise individuals may wish to raise concerns about our services or operations. These can help us identify areas for improvement or mitigate emerging risks. All complaints and responses are carefully documented and evaluated for potential systemic risk. To support continuous improvement, we report complaints to the Executive Management Group (EMG) and refer matters involving potential ongoing risk to our Audit, Risk and Compliance Committee.

Complaints relating specifically to audit quality are escalated to the Assurance Quality Monitoring Committee (AQMC). This committee may recommend training or procedural changes to address identified quality issues and enhance future audit performance.

Complaints can be submitted via our website, email, mail or telephone. Our internal policies and procedures ensure complaints are handled objectively, fairly and confidentially, in accordance with relevant legislation, the Public Sector Commission's Code of Ethics and the Ombudsman Western Australia's Guidelines on Effective Complaint Handling.

This year, we received 12 complaints, a decrease from 14 in 2023-24. Of these, eight related to local government financial audit fees.

We continued to work constructively with individual local governments and peak sector bodies, valuing the insights they provided.

In response to the concerns raised, our audit teams implemented a range of targeted strategies. These included issuing clear and consistent guidance on audit expectations and timelines, enhancing

communication through sector briefings and written updates, and providing practical tools such as audit readiness guides. In addition, we strengthened our communications to enhance the sector's understanding of fees by creating an infographic that clearly explained what they received for their fees, how fees changed over time, why the changes happened and the actions we were taking to address the fee increase. The information and infographics are available on our website and are shared directly with each entity.

In September 2024, we appeared before EFOC on the matter of audit fees. This was an important exercise in accountability for us, provided valuable feedback and highlighted the need for timeliness and additional transparency with our fee communication.

We continue to advocate for streamlined reporting and minimising the duplication of compliance requirements. Internally, we are gaining incremental efficiencies with our new audit tool and methodology and greater use of data analytics. In addition, we are reducing the amounts of audits we outsource and rejecting and retendering unacceptable increases from our CAFs as part of our regular market testing practices.

These initiatives reflect our ongoing commitment to delivering high quality, value for money audits that promote transparency, accountability, and good governance across the local government sector.

	2020-21	2021-22	2022-23	2023-24	2024-25
Number of complaints	8	11	7	14	12

Table 20: Number of complaints received over the past five years



ADAPTING AND INNOVATING



In 2024-25 we:



improved our maturity ratings in cyber security under a national framework to enhance our security posture and controls



launched a new intranet to improve internal communication and boost staff engagement



updated our privacy policies and developed new information collection notices in line with the privacy and responsible information sharing legislation.

ADAPTING AND INNOVATING

What is our objective?

- ensure we have the skills, knowledge tools and mindset to meet our, and the Parliament's, current needs and to respond effectively to change

How will we do it better?

- implement modern, secure and resilient information systems infrastructure that is fit-for-purpose and future-ready
- deploy adaptive and user-friendly remote enabled systems and processes
- enhance the user experience through technology deployment and training
- enhance collaboration opportunities through enabling technologies
- successfully implement and integrate new functionality and this is used with confidence and convenience

What we do

- successfully implement and integrate systems and approaches that can adapt to change

What does success look like?

- a workforce culture accustomed to change and identifying ways to do things better
- increased engagement from the information and communication technology team to innovate how we confidently use technology
- improved technology and process efficiencies through system optimisation



INFORMATION GOVERNANCE COMMITTEE

The purpose of the Information Governance Committee (IGC) is to govern technology, security and information management as a sub-committee of EMG.

It provides governance and strategic oversight to ensure that technology and information assets are managed appropriately to benefit the OAG and enable its staff and protect its reputation.

IGC is made up of senior leaders representing a cross-section of the business to provide independent governance of technology and information management related decision-making.

Members:

- Jason Beeley, Chair, Assistant Auditor General Performance Audit
- Carl Huxtable, Assistant Auditor General Forensic Audit
- Michael Cooper, Executive Director Corporate Services
- Kamran Aslam, Senior Director Information Systems and Performance Audit
- Jacob Timmerman, Assistant Director Forensic Audit.

The key responsibilities of the committee are to:

- oversee the delivery of strategic IT initiatives
- review the technology implications for strategic organisational projects
- review and endorse the IT risk appetite and mitigation strategies
- approve technology and information management policies and standards.



Report from the IGC Chair



It has been another busy year for the IGC in providing risk-based governance of the OAG's information technology and management. We welcomed a new Chief Information Officer (CIO) who has brought new energy and approaches to the office.

IGC has provided oversight and support across key strategic areas this year, including:

- Development of a new five-year IT Strategic Plan which includes a new IT roadmap of prioritised projects and initiatives that will drive business capability, cyber security assurance and IT operational maturity.
- Implementation of an AI Policy to guide the safe and secure deployment and use of AI in our activities, in order to balance the potential efficiency benefits for our auditing activities with our need for very high levels of information security.
- Finalisation of our cyber security roadmap and achievement of level 2 maturity against the Essential Eight requirements of the WA Government Cyber Security Policy. The IT team is now working towards the Further Five requirements and have implemented a security information and event management solution.

To maintain an efficient working environment for all our teams this year, we upgraded our meeting room audiovisual systems and our key records and audit information management systems Content Manager and TeamMate+. Ensuring effective disaster recovery arrangements was also a focus this year with a successful disaster recovery test completed in November 2024.

IGC reviewed and approved a new information retention and disposal program. We also updated privacy policies and developed new information collection notices in line with the Privacy and Responsible Information Sharing legislation.

I would like to thank the CIO, Vaughan Castine and his team, and Carl Huxtable for his efforts and contributions as Deputy Chair.

Jason Beeley

Chair, Information Governance Committee

AUDIT METHODOLOGY AND TOOL

The new audit tool and financial statement and controls opinion methodologies were fully implemented last financial year. Most of the project was completed in September 2024, except for staff training. A strategic decision was made to defer training on the new methodology until after the conclusion of the state sector audits. The project was successfully completed on 8 October 2024, meeting all delivery expectations within the project budget.

Audit tool

TeamMate+ has been successfully deployed across all our audit business units: Performance Audit, Information Systems and Performance Audit, Forensic Audit and Financial Audit. In August 2024, we completed our first major upgrade of TeamMate+, which included comprehensive staff training. The platform is now fully embedded in our business-as-usual operations.

Audit methodology

The second phase of the audit methodology project was completed this year, with methodologies relating to key performance indicators, intra-office opinions (a process where an audit team provides assurance to another audit team on the controls of an audited entity) and grant acquittals applied to all audits commencing from the 2024 tertiary sector.

The implementation of the new tool and associated audit methodologies is being continuously monitored, with ongoing assessments to identify opportunities for efficiency gains and quality improvements as needed.



CYBER SECURITY

Cyber security continues to be a strategic priority for our entire organisation, grounded in the principle that our maturity must meet or exceed the standards we expect of the entities we audit. In a dynamic threat and policy environment, we remain committed to sustained focus and proactive improvement. Our extensive program of work is designed to ensure we stay ahead of evolving risks, with a strong emphasis on maintaining public trust and safeguarding the data of our organisation and the broader government sector. By focusing on continuous enhancement and aligning with leading frameworks, we aim to uphold the confidentiality, integrity and availability of our systems and information.

In the last year we advanced our cyber security posture through several key initiatives. We implemented controls that improved our maturity ratings under the Australian Cyber Security Centre's Essential Eight framework and commenced alignment with the updated 2023 Essential Eight criteria. We started reporting on the new State Government Further Five cyber security controls. Our blueprint for disaster recovery of core systems was revised and successfully put to the test. We expanded the integration of systems and logs into our security information and event management (SIEM) tool and governance processes, significantly improving security visibility across our digital environment. This has enabled more proactive responses to emerging threats.



DATA CAPABILITIES

Between October and November 2024, we delivered tailored TeamMate+ Analytics training to all our financial audit teams. This initiative was complemented by the release of a suite of in-house developed resources in early 2025. These efforts were aimed at strengthening our financial audit teams' capability in leveraging data analytics tools effectively. It includes enhanced analytical capability enabling deeper analysis of entity data, better identification and assessment of risks, and more effective audit planning.

We are considering the adoption of AI-driven audit tools to further modernise our audit approach and are in the process of conducting trials to evaluate the effectiveness and suitability of particular tools. A decision on adoption will be made following the completion of these trials.

The tools aim to:

- automate manual and repetitive audit tasks
- increase efficiency and reduce time spent on routine procedures
- enable auditors to focus on higher-value, judgment-based activities.



In 2024-25, the Strategic Business Intelligence (SBI) team delivered advanced data analytics solutions in support of 10 financial audit teams, with additional initiatives planned for 2025-26.

These contributions have:

- strengthened audit quality by enhancing assurance over financial statement balances
- improved operational efficiency by reducing reliance on extensive sample-based transaction testing.

The team continues to enhance efficiency and audit quality through our four strategic business intelligence domains: management reporting, operational support, process automation and building our data foundation. Our SBI and Forensic Data Analytics teams produced high-quality data analysis that enhanced reporting across seven performance audits, uncovering insights that may not have been visible through traditional methods.

Our SBI team is continuing to develop interactive dashboards to support performance monitoring and informed decision-making across the Office. They are also actively investigating technologies to streamline current processes, aligning with the OAG's broader innovation and transformation agenda.

Strategic Business Intelligence team

Driving efficiency by using data analytics for auditing work

In the 2023-24 audit of the Department of Planning, Lands and Heritage (DPLH), the SBI team significantly reduced audit hours by applying advanced data analytics to a complex land reconciliation process.

Previously, the audit of property, plant and equipment (including land reconciliation) was manual and time-intensive. Due to data integrity issues, the audit team was unable to complete the reconciliation, resulting in a qualified audit opinion.

In 2023-24, the SBI team performed the work using analytics tools to validate source data, verify business logic and confirm calculations.

If the audit team performed this work manually, it would have needed to be completed on a sample basis, required an additional two weeks and cost the entity an extra \$17,000.

Further, the SBI team's analysis enabled the audit team to halve its sampling requirements, which would have added an extra 15 hours and \$3,500 to the audit.

The SBI team's contribution provided greater assurance over the land value reported and the accuracy of the \$261 million prior period adjustment. We will be able to replicate this efficiency by applying data analytics to audits of other entities with large land holdings.



LEVERAGING OUR DIFFERENT AUDIT CAPABILITIES

Our Forensic Audit team is increasing its role in audit planning, supporting audit procedures and contributing to the selection of performance audit topics.

During the year, the Forensic team has collaborated with performance and financial audits on:

- insights during the assessment of entities and their associated risks as part of the topic selection process
- insights, guidance and support to audit teams when fraud related matters have arisen (actual or potential)
- providing support with advanced data analysis.

A dedicated project is now exploring how this specialised function can further enhance the value delivered through our financial audits.

Building capability in performance auditing as a professional discipline – similar to what exists for financial auditors – offers attraction, retention, efficiency and quality benefits for audit offices, and development and mobility benefits for our people. Through the ACAG's Heads of Performance Audit Group, our Assistant Auditor General Performance Audit has continued the development of potential professional qualifications in performance auditing.

The Chartered Institute of Public Finance and Accountancy (CIPFA) is progressing towards module-based qualifications based on international performance audit standards and have announced the launch for 2026.



NEW INTRANET *The Green*

We launched our new intranet, The Green, on 6 December 2024 and it is proving to be a huge success. The improved user experience has led to exceptionally high levels of engagement, evidenced by increased page views and active interaction with the various widgets designed for commenting. A vital tool for our Office, the intranet provides a centralised, easy-to-navigate hub that streamlines access to information, boosts the organisational culture through enhanced internal communications and results in a more positive and connected online experience.



The Green

Why The Green?

Historically, auditors annotate documents in green pens as it distinguishes their markings from the black or blue ink that was commonly used in documents.

The name also references a village green, an open area in a settlement used by the community as a gathering place.

The striking green iconic cactus sculpture in front of our office serves as an easy navigation beacon for people to find us!



Albert Facey House

Office of the Auditor General for Western Australia

Office of the Information Commissioner

Office of the Inspector of Custodial Services

Economic Regulation Authority

Ombudsman Western Australia

Energy & Water Ombudsman Western Australia

Health and Disability Services Complaint Office

Mental Health Tribunal

Equal Opportunity Commission

Commissioner for Children and Young People

CERTIFICATION OF FINANCIAL STATEMENTS

For the year ended 30 June 2025

The accompanying financial statements of the Office of the Auditor General have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2025 and the financial position as at 30 June 2025.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Paul Spiccia
Acting Chief Financial Officer
18 August 2025



Caroline Spencer
Accountable Authority
18 August 2025



INDEPENDENT AUDITOR'S REPORT
TO THE PARLIAMENT OF WESTERN AUSTRALIA
OFFICE OF THE AUDITOR GENERAL

Report on the Financial Statements

Opinion

We have audited the financial report of the Office of the Auditor General ("the Office"), which comprises the Statement of Financial Position as at 30 June 2025, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and the Summary of Consolidated Account Appropriations for the year then ended, a summary of material accounting policies and other explanatory notes.

In our opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Office of the Auditor General for the year ended 30 June 2025 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and relevant Treasurer's Instructions.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Office in accordance with the auditor independence requirements of the *Auditor General Act 2006* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Independent Auditor's Report

To the Parliament of Western Australia
Office of the Auditor General (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the Key Audit Matter was addressed
<p>Revenue Recognition and Accrued Revenue</p> <p>The Office recognises audit fee revenue over time. For the year ended 30 June 2025, the Office recorded audit fee revenue of \$40.2 million (refer notes 4.1/4.2), of which accrued revenue relating to engagements in progress of \$10 million (refer note 6.1) was recorded in the Statement of Financial Position as at balance date.</p> <p>The determination of the measure of progress for audit engagements in progress requires significant estimation and judgement from management, in particular the assessment of the recoverability of work in progress balances recorded at year end.</p> <p>Work in progress is considered to be a key audit matter due to the significance of the asset to the Office's financial position, and the estimation uncertainty inherent in the nature of the asset.</p>	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> Assessing the appropriateness of the Office's revenue recognition accounting policies; Obtaining an understanding of management's processes and controls surrounding revenue recognition, billing and work in progress; Testing the design, implementation and effectiveness of the key processes and controls relating to revenue; Critically evaluating and analysing management's assessment and basis for determining the percentage of completion; Identifying any engagements with unusual percentages of completion and assess for reasonableness; Testing of the model's inputs to supporting contracts and documentation for a sample of engagements; Checking the mathematical accuracy of the model used to calculate the accrued revenue balance; and Assessing the appropriateness of the disclosures included in Notes 4 and 6.

Independent Auditor's Report

To the Parliament of Western Australia
Office of the Auditor General (Continued)

Key Audit Matter	How the Key Audit Matter was addressed
<p>Provisions – Employee Entitlements</p> <p>Included in the Statement of Financial Position are provisions of \$7.5 million, (current: \$6.4 million, non-current \$1.1 million). The provisions consist of employee benefits, including annual and long service leave.</p> <p>The nature of the operations of the Office requires a significant amount of human resources. Therefore, these provisions were identified as a risk due to the quantitative significance of the balance, and the calculations required in estimating the balance.</p>	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> • Obtaining the client schedules for each class of provision and agreed the amounts to the general ledger; • Testing of the design, implementation and effectiveness of the key processes and controls relating to payroll; • Checking arithmetic calculations and assessing the inputs used within each of these schedules; • Testing a sample of employees' movements in entitlements to supporting documentation; • Testing the provisions for completeness by comparing the listing to payroll records; and • Assessing the appropriateness of the disclosures included in Note 3.1(b).
<p>Other Information</p> <p>The Auditor General is responsible for the other information. The other information comprises the information included in the Office's annual report for the year ended 30 June 2025, but does not include the financial statements, the audited key performance indicators and our auditor's report thereon.</p> <p>Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.</p> <p>In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.</p>	

Independent Auditor's Report

To the Parliament of Western Australia
Office of the Auditor General (Continued)

Responsibilities of the Auditor General for the Financial Statements

The Auditor General is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the relevant Treasurer's Instructions, and for such internal control as the Auditor General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Auditor General is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

As required by the Auditor General Act 2006, our responsibility is to express an opinion on the financial statements based on our audit. The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but unless otherwise stated not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Auditor General.

Independent Auditor's Report

To the Parliament of Western Australia
Office of the Auditor General (Continued)

- Conclude on the appropriateness of the Auditor General's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Auditor General, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Controls

Opinion

We have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Office of the Auditor General. The Controls exercised by the Office of the Auditor General are those policies and procedures established by the Auditor General to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

Our opinion has been formed on the basis of the matters outlined in this report.

In our opinion, in all material respects, the controls exercised by the Office of the Auditor General are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2025.

Independent Auditor's Report

To the Parliament of Western Australia
Office of the Auditor General (Continued)

Responsibilities of the Auditor General

The Auditor General is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, relevant Treasurer's Instructions and other relevant written law.

Auditor's Responsibilities

As required by the *Auditor General Act 2006*, our responsibility is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That Standard requires that we comply with relevant ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on our judgement, including the assessment of the risk that controls are not suitably designed or implemented as designed. Our procedures included testing the implementation of those controls that we consider necessary to achieve the overall control objectives.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may be unsuitable because of changes in conditions.

Independent Auditor's Report

To the Parliament of Western Australia
Office of the Auditor General (Continued)

Report on the Key Performance Indicators

Opinion

We have undertaken a reasonable assurance engagement on the key performance indicators of the Office of the Auditor General for the year ended 30 June 2025. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In our opinion, in all material respects, the key performance indicators of the Office of the Auditor General are relevant and appropriate to assist users to assess the Office's performance and fairly represent indicated performance for the year ended 30 June 2025.

Auditor General's Responsibility for the Key Performance Indicators

The Auditor General is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal controls as the Auditor General determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Auditor General is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 Key Performance Indicators.

Auditor's Responsibility

As required by the *Auditor General Act 2006*, our responsibility is to express an opinion on the key performance indicators. The objectives of the engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the Office's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that we comply with relevant ethical requirements relating to assurance engagements.

Independent Auditor's Report

To the Parliament of Western Australia
Office of the Auditor General (Continued)

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments we obtain an understanding of the internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Quality Control Relating to the Reports on Financial Statements, Controls and Key Performance Indicators

We have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Office of the Auditor General for the year ended 30 June 2025 included on the Office's website. The Auditor General is responsible for the integrity of the Office's website. This audit does not provide assurance on the integrity of the Office's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



HALL CHADWICK AUDIT WA PTY LTD

Dated this 18th day of August 2025
Perth, Western Australia



D M BELL FCA
Director

Statement of comprehensive income

For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
COST OF SERVICES			
Expenses			
Employee benefits expenses	3.1(a)	32,245	27,989
Supplies and services	3.2	22,049	22,343
Depreciation and amortisation expenses	5.1, 5.2, 5.3	1,225	927
Accommodation expenses	3.2	1,955	2,019
Finance cost	7.3	10	9
Other expenses	3.2	27	38
Total cost of services		57,511	53,325
Income			
User charges and fees	4.2	13,162	12,296
Other income	4.3	186	45
Total income		13,348	12,341
NET COST OF SERVICES		44,163	40,984
Income from State Government			
Service appropriation	4.1	15,632	14,010
Income from other public sector entities	4.1	27,805	26,360
Resources received free of charge	4.1	33	83
Total income from State Government		43,470	40,453
SURPLUS/(DEFICIT) FOR THE PERIOD		(693)	(531)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(693)	(531)

The Statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2025

	Note	2025 \$'000	2024 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7.1	4,120	1,915
Receivables	6.1	11,537	15,518
Amounts receivable for services	6.2	390	390
Other current assets	6.3	1,330	905
Total current assets		17,377	18,728
Non-current assets			
Receivables	6.1	980	789
Amounts receivable for services	6.2	6,047	5,685
Property, plant and equipment	5.1	351	528
Right-of-use assets	5.2	114	156
Intangible assets	5.3	6,308	6,123
Total non-current assets		13,800	13,281
TOTAL ASSETS		31,177	32,009
LIABILITIES			
Current liabilities			
Payables	6.4	3,367	5,704
Provisions	3.1(b)	6,350	5,110
Lease liabilities	7.2	39	40
Total current liabilities		9,756	10,854
Non-current liabilities			
Provisions	3.1(b)	1,149	995
Lease liabilities	7.2	83	122
Total non-current liabilities		1,232	1,117
TOTAL LIABILITIES		10,988	11,971
NET ASSETS		20,189	20,038
EQUITY			
Contributed equity		16,166	15,322
Accumulated surplus		4,023	4,716
TOTAL EQUITY		20,189	20,038

The Statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2025

	Contributed equity \$'000	Accumulated surplus \$'000	Total equity \$'000
Balance at 1 July 2023	13,352	5,247	18,599
Surplus/(deficit)	-	(531)	(531)
Total comprehensive income/(loss) for the period	-	(531)	(531)
<i>Transactions with owners in their capacity as owners:</i>			
Equity Contributions from Consolidated Account - Digital Capability SPA	1,145	-	1,145
Capital appropriations	825	-	825
Total	1,970	-	1,970
Balance at 30 June 2024	15,322	4,716	20,038
Balance at 1 July 2024	15,322	4,716	20,038
Surplus/(deficit)	-	(693)	(693)
Total comprehensive income/(loss) for the period	-	(693)	(693)
<i>Transactions with owners in their capacity as owners:</i>			
Equity Contributions from Consolidated Account - Digital Capability Fund	300	-	300
Capital appropriations	544	-	544
Total	844	-	844
Balance at 30 June 2025	16,166	4,023	20,189

The Statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		14,880	13,241
Capital appropriations		544	1,970
Funds from other public sector entities		31,992	22,396
Digital Capability Fund		1,047	-
Holding Account drawdown		390	390
Net cash provided by State Government		48,853	37,997
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(30,696)	(27,616)
Supplies and services		(24,932)	(20,940)
Finance costs		(10)	(9)
Accommodation		(1,955)	(1,935)
GST payments on purchases		(2,634)	(2,561)
GST payments to taxation authority		(2,713)	(1,527)
Other payments		(27)	(58)
Receipts			
User charges and fees		12,442	15,341
GST receipts on sales		4,511	3,324
GST receipts from taxation authority		601	491
Other receipts		186	47
Net cash used in operating activities		(45,227)	(35,443)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(1,186)	(3,714)
Net cash used in investing activities		(1,186)	(3,714)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Principal elements of lease payments		(44)	(50)
Payment to accrued salaries account		(191)	(147)
Net cash used in financing activities		(235)	(197)
Net increase/(decrease) in cash and cash equivalents		2,205	(1,357)
Cash and cash equivalents at the beginning of the period		1,915	3,914
Adjustment for the reclassification of accrued salaries account		-	(642)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7.1	4,120	1,915

The Statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

1. Basis of preparation

The Office of the Auditor General (OAG) is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The OAG is a not-for-profit reporting entity. A description of the nature of our operations and principal activities has been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the OAG on 18 August 2025.

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures, the Conceptual Framework and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB) as modified by the Treasurer's instructions. Some of these pronouncements are modified to vary their application and disclosure.

The *Financial Management Act 2006* and Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over AASB pronouncements. Where an AASB pronouncement is modified and has had a significant financial effect on the reported results, details of the modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

Accounting for Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- (a) amount of GST incurred by the Office as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- (b) receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Contributed equity

Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, as designated as contributions by owners (at the time of, or prior to, transfer) be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 8 – Requirement 8.1(i) and have been credited directly to Contributed Equity.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

2. Office outputs

How the Office operates

This section includes information regarding the nature of activities the Office performs to achieve the Office's objectives.

2.1 Office objectives

Mission

The Office's mission is to serve the public interest through independent auditing and reporting on State and local government finances and performance.

The Office is partly funded by parliamentary appropriation. It also charges for certain audit services to audited entities and fees are based on full cost recovery. The financial statements encompass all funds through which the Office controls resources to carry out its functions.

Services

The Office is responsible for the delivery of one service: Public Sector Auditing. This comprises the external audit of WA State and local government sectors through audits of financial statements, controls and key performance indicators, audits of efficiency, effectiveness and compliance of public sector operations and examinations and investigations of matters relating to the public money.

All income, expenditure, assets and liabilities are in relation to the delivery of this service.

	2025 \$'000	2024 \$'000
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3. Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the Office's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Office in achieving its objectives and relevant notes are:

	Notes		
Employee benefits expenses	3.1(a)	32,245	27,989
Employee related provisions	3.1(b)	7,499	6,105
Supplies and services	3.2	22,049	22,343
Accommodation expenses	3.2	1,955	2,019
Other expenses	3.2	27	38

3.1(a) Employee benefits expenses

Employee benefits	29,100	25,137
Termination benefits	-	75
Superannuation – defined contribution plans	3,145	2,777
Total employee benefits expenses	32,245	27,989
Add: AASB 16 Non-monetary benefits for motor vehicles (not included in employee benefits expense)	55	61
Less: Employee contributions (per note 4.3 Other revenue)	(39)	(45)
Net employee benefits	32,261	28,005

Accounting policy

Employee benefits: Include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, and non-monetary benefits recognised under accounting standards other than AASB 16 – Leases (such as motor vehicles) for employees.

AASB 16 Non-monetary benefits: Includes provision of motor vehicle benefits that are recognised under AASB 16 and are excluded from the employee benefits expense.

Termination benefits: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Office is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Superannuation: The amount recognised in profit or loss of the Statement of comprehensive income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, other GESB schemes or other superannuation funds.

	2025 \$'000	2024 \$'000
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3.1(b) Employee related provisions

Current

Employee benefits provision

Annual leave ^(a)	3,078	2,682
Long service leave ^(b)	3,140	2,300
Purchased leave ^(c)	40	59
	6,258	5,041

Other provisions

Employment on-costs ^(d)	92	69
Total current employee related provisions	6,350	5,110

Non-current

Employee benefits provision

Long service leave ^(b)	1,147	993
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Other provisions

Employment on-costs ^(d)	2	2
Total non-current employee related provisions	1,149	995

Total employee related provisions	7,499	6,105
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Accounting policy

Provision is made for benefits accruing to employees in respect of annual leave, long service leave and purchased leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

(a) Annual leave

The provision for annual leave is classified as a current liability as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Several estimations and assumptions used in calculating the Office's annual leave provisions include expected future salary rates, discount rates, employee retention rates and timing of expected future payments. Changes in these estimations and assumptions may impact the carrying amounts of the annual leave provisions.

(b) Long service leave

The provision for long service leave is calculated at present value as the Office does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date.

The current liability has been determined as the sum of the present value of:

- all leave that is unconditional at the reporting date
- all leave that is expected to become unconditional within the 12 months following the reporting date, and
- all leave where the Office does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

Several estimations and assumptions used in calculating the Office's long service leave provisions include expected future salary rates, discount rates, employee retention rates and timing of expected future payments. Changes in these estimations and assumptions may impact the carrying amounts of the long service leave provisions.

(c) Purchased leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional 10 weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the undiscounted amounts expected to be paid when the liabilities are settled.

(d) Employment on-costs

Employment on-costs, including workers' compensation insurance premiums, are not employee benefits and are recognised separately as liabilities and expenses when employment to which they relate has occurred. Employment on-costs are included as part of 'Note 3.2 Other expenditure' and are not included as part of the Office's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

Employment on-costs provision

Carrying amount at start of the period	71	49
Additional/(reversal of) provisions recognised	23	22
Carrying amount at end of the period	94	71

(Appendix AAR: 10.7B)

	2025 \$'000	2024 \$'000
3.2 Other expenditure		
Supplies and services		
Contracted audit work – State	9,039	9,071
Contracted audit work – local government	6,967	7,083
Other services and contracts	3,164	3,099
Other staffing costs	613	868
Repairs and maintenance	35	97
Travel and accommodation	164	254
Administration	664	472
Licences	1,095	1,005
Consumables	30	86
Motor vehicle lease expenses	45	62
Artwork leases	2	2
Communications	167	235
Advertising	10	9
Other	54	-
Total supplies and services expenses	22,049	22,343
Accommodation expenses		
Office lease rentals ^(a)	1,289	1,319
Office parking	125	119
Monthly outgoings	541	581
Total accommodation expenses	1,955	2,019
Other expenses		
Employment on-costs	8	1
Other	19	37
Total other expenses	27	38
Total other expenditure	24,031	24,400

(a) Office lease rentals represent the cost of renting office accommodation from the Department of Finance (DoF). See 'Note 5.2 Right-of-use assets'.

4. Our funding sources**How we obtain our funding**

This section provides additional information about how the Office obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income and revenue received by the Office and relevant notes are:

	Notes	2025 \$'000	2024 \$'000
Income from State Government	4.1	43,470	40,453
User charges and fees	4.2	13,162	12,296
Other revenue	4.3	186	45

4.1 Income from State Government**Appropriation received during the period:**

Service appropriation ^(a)	15,632	14,010
	15,632	14,010

Income received from other public sector entities during the period:

Audit fee – general government	20,400	19,192
Audit fee – public non-financial corporations	5,547	5,992
Audit fee – public financial corporations	1,111	1,176
Digital Capability Fund	747	-
	27,805	26,360

Resources received free of charge from other public sector entities during the period:

State Solicitor's Office	20	70
Department of Finance	13	13
	33	83

Total income from State Government	43,470	40,453
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(a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (Holding Account) comprises the budgeted depreciation expense for the year and any agreed increase in leave liabilities during the year.

Accounting policy

Service appropriations are recognised as income at the fair value of consideration in the period in which the Office gains control of the appropriated funds. The Office gains control of appropriated funds at the time those funds are deposited into the bank account or credited to the holding account held at Treasury.

Income from other public sector entities consists solely of audit fees.

The policy in connection with revenue recognition for audit fees is outlined in 'Note 4.2 User charges and fees'.

Assets or services received free of charge or significantly less than fair value that the Office would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received.

Summary of consolidated account appropriations

For the year ended 30 June 2025

	2025 Budget estimate \$'000	2025 Additional funding* \$'000	2025 Revised budget \$'000	2025 Actual \$'000	2025 Variance \$'000
DELIVERY OF SERVICES					
Item 44 Net amount appropriated to deliver services	13,858	896	14,754	14,754	-
Amount authorised by other statutes					
- <i>Salaries and Allowances Act 1975</i>	878	-	878	878	-
Total appropriations provided to deliver services	14,736	896	15,632	15,632	-
CAPITAL					
Item 123 Capital appropriations	300	244	544	544	-
GRAND TOTAL	15,036	1,140	16,176	16,176	-

* Additional funding includes supplementary funding and new funding authorised under section 27 of the *Financial Management Act 2006* and amendments to standing appropriations.

(Appendix AAR: 10.7B)

	2025 \$'000	2024 \$'000
4.2 User charges and fees		
Audit fee – local government	10,331	9,682
Audit fee – other	2,831	2,614
Total audit fees	13,162	12,296

Accounting policy

Revenue is recognised at the transaction price when the work is undertaken.

The Office is bound by the *Auditor General Act 2006* and *Local Government Act 1995* to deliver auditing services to client entities. For financial audits, this is represented by the delivery of a distinct audit report in exchange of which an audit fee is payable by the audited entity based on the principles of cost recovery. The auditing service does not create an asset with an alternative use to the Office and the Office retains an enforceable right to payment for performance completed to date, allowing the Office to recognise revenue over time. The measure of progress towards complete satisfaction of the performance obligation is the percentage completed based on inputs such as costs incurred to date through underlying internal billing data, or progress payments incurred from contract audit firms, supplemented by their estimate of subsequent work completed but not yet billed. Payment for audit fees is typically due within 20 days.

Net appropriation determination – The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Office. The Office retained \$40.4 million in 2025 (\$38.7 million in 2024) from assurance and auditing fees, government vehicle scheme and other income. Also see 'Note 4.3 Other income.

4.3 Other income

	2025 \$'000	2024 \$'000
Contributions for the use of motor vehicle	39	45
Other income	147	-
Total other income	186	45

5. Key assets*Assets the Office utilises for economic benefit or service potential*

This section includes information regarding the key assets the Office utilises to gain economic benefits or service potential. The section sets out both the key accounting policies and financial information about the performance of these assets.

Notes

Property, plant and equipment	5.1	351	528
Right-of-use assets	5.2	114	156
Intangible assets	5.3	6,308	6,123

5.1 Property, plant and equipment**Office and computer equipment**

At cost	3,046	3,262
Accumulated depreciation	(2,695)	(2,734)
Carrying amount at end of period	351	528

2025
\$'000

2024
\$'000

Reconciliations of the carrying amounts of property, plant, and equipment at the beginning and end of the reporting period are set out in the table below:

Office and computer equipment

Carrying amount at start of period	528	420
Additions	85	393
Depreciation	(262)	(285)
Carrying amount at end of period	351	528

Accounting policy

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost is depreciated over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of comprehensive income other than where they form part of a group of similar items which are significant in total.

Property, plant and equipment are initially recognised at cost. For items of property, plant and equipment acquired at no cost or for significantly less than fair value, the cost is the fair value at the date of acquisition. All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

2025
\$'000

2024
\$'000

Accounting policy – Depreciation and useful lives

Depreciation for property, plant and equipment is calculated using the straight-line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Office and computer equipment – 2 to 10 years.

Accounting policy – Impairment

Property, plant and equipment are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised through profit or loss.

As the Office is a not-for-profit entity, the recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

5.2 Right-of-use assets

Vehicles

Carrying amount at start of period	156	133
Additions	4	74
Depreciation	(46)	(51)
Carrying amount at end of period	114	156

The Office has leases for vehicles. The lease contracts are typically made for fixed periods of 1-5 years with an option to renew the lease after that date.

Initial recognition

At the commencement date of the vehicle lease, the Office recognises right-of-use assets and a corresponding lease liability for vehicle leases. The right-of-use assets are measured at cost comprising of:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in 'Note 7.2 Lease liabilities'.

The Office has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of less than 12 months) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in 'Note 5.1 Property, plant and equipment'.

The Office has also entered into a Memorandum of Understanding Agreement (MOU) with the Department of Finance for the leasing of office accommodation. This is not recognised under AASB 16 because of substitution rights held by the Department of Finance and payments are accounted for as an expense as incurred.

2025
\$'000

2024
\$'000

5.3 Intangible assets

Computer software

At cost	8,570	6,108
Accumulated amortisation	(2,839)	(1,921)
	5,731	4,187
Computer software in development – at cost	557	1,936
Carrying amount at end of period	6,288	6,123

Licences

At cost	20	-
Accumulated amortisation	-	-
Carrying amount at end of period	20	-
Carrying amount at end of period	6,308	6,123

Reconciliations of the carrying amounts of Computer Software intangible assets at the beginning and end of the reporting period are set out in the table below:

Computer software

Carrying amount at start of period	4,187	177
Additions	2,461	4,601
Amortisation expense ^(a)	(917)	(591)
Carrying amount at end of period	5,731	4,187

Computer software in development

Carrying amount at start of period	1,936	3,217
Additions	1,083	3,320
Capitalised	(2,462)	(4,601)
Carrying amount at end of period	557	1,936

(a) Included as part of Depreciation and amortisation expenses in the Statement of comprehensive income.

Accounting policy

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost is amortised over their useful lives. Costs incurred below these thresholds are immediately expensed to the Statement of comprehensive income. Intangible assets are initially recognised at cost. For assets acquired at nil or for significantly less than fair value, the cost is their fair value at the date of acquisition.

All intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Expenditure relating to computer software development is capitalised when it meets the criteria outlined in AASB 138 – Intangible Assets. Management exercises judgement in determining the costs that are directly attributable to the development of computer software and require capitalisation.

Additional policy: Software-as-a-service (SaaS) arrangements

SaaS arrangements are service contracts providing the Office with the right to access the cloud provider's application software over the contract period. As such the Office does not receive a software intangible asset at the contract commencement date.

The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

Recognise as an operating expense over the term of the service contract:

- fee for use of application software
- customisation costs.

Recognise as an operating expense as the service is received:

- configuration costs
- data conversion and migration costs
- testing costs
- training costs.

(Appendix AAR: 10.7B)

2025
\$'000

2024
\$'000

Costs incurred for the customisation of software that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

Additional policy: Licences

During the year, the Office acquired licences that grant a perpetual right to use specific digital Aboriginal Artwork pieces in the Office's corporate publications. The licences are classified as intangible assets.

The licences grant indefinite usage rights and are not subject to contractual or legal expiry. They are considered to have an indefinite useful life, and therefore are not amortised. The licences are subject to annual impairment testing to ensure the carrying amount does not exceed the recoverable amount.

Accounting policy – Amortisation and useful lives

Amortisation of intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets have a finite useful life and zero residual value. The expected useful lives for intangible assets are:

Software – 3 to 10 years.

Accounting policy – Impairment

The policy in connection with testing for impairment is outlined in 'Note 5.1 Property, plant and equipment'.

6. Other assets and liabilities

This section sets out those assets and liabilities that arose from the operations of the Office and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2025 \$'000	2024 \$'000
Receivables	6.1	12,517	16,307
Amounts receivable for services (Holding Account)	6.2	6,437	6,075
Other assets	6.3	1,330	905
Payables	6.4	(3,367)	(5,704)

6.1 Receivables

Current

Accrued revenue	10,045	14,978
GST receivables	447	215
Trade receivables	1,045	325
Total current	11,537	15,518

Non-current

Accrued salaries suspense account	980	789
Total non-current	980	789
Total	12,517	16,307

Accounting policy

Receivables are recognised at original invoice amount. Accrued revenue includes amounts receivable for work-in-progress. Refer to 'Note 4.2 User charges and fees' which details the method to determine the Office's progress towards the satisfaction of the performance obligation. The carrying amount is equivalent to fair value as it is due for settlement within 20 days.

2025
\$'000

2024
\$'000

Accrued salaries account contains amounts paid annually into the Treasurer's special purpose account. It is restricted for meeting the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

6.2 Amounts receivable for services (Holding Account)

Current	390	390
Non-current	6,047	5,685
Total	6,437	6,075

Accounting policy

The Office receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable) held by Treasury. The accrued amount receivable is restricted as it is only accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement. Amounts receivable for services are considered not impaired (i.e. there is no expected credit loss of the holding account).

6.3 Other assets

Current

Prepayments	1,330	905
Total	1,330	905

2025
\$'000

2024
\$'000

6.4 Payables

Current

Trade payables	183	849
Accrued expenses	918	2,457
Accrued salaries	770	618
Paid parental leave	6	4
Work in progress contractor audit work	1,490	1,776
Total	3,367	5,704

Accounting policy

Payables are recognised at the amounts payable when the Office becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 20 days.

Accrued expenses represent the amount due to suppliers for which goods and services have been received by end of the financial year but invoices are still outstanding.

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Office considers the carrying amount of accrued salaries to be equivalent to its fair value.

The work in progress contractor audit work represents the contract audit firms' estimate of work completed but not yet billed. See also 'Note 6.1 Receivables'.

(Appendix AAR: 10.7B)

2025
\$'000

2024
\$'000

7. Financing

The section sets out the material balances and disclosures associated with the financing and cash flows of the Office.

	Notes		
Cash and cash equivalents	7.1	4,120	1,915
Lease liabilities	7.2	122	162
Finance cost	7.3	10	9

7.1 Cash and cash equivalents

For the purpose of the Statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of 3 months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

Cash and cash equivalents at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

Cash and cash equivalents	4,120	1,915
	4,120	1,915

2025
\$'000

2024
\$'000

7.2 Lease Liabilities

Within one year	39	40
Later than one year and not later than five years	83	114
Later than five years	-	8
	122	162
Current	39	40
Non-current	83	122
Total lease liabilities	122	162

Accounting policy

The Office measures a lease liability, at the commencement date, at the present value of lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease.

Lease payments as part of the present value calculation of the lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised);
- Payments for penalties for terminating a lease, where the lease term reflects the Office exercising an option to terminate the lease; and
- Periods covered by extension or termination options are only included in the lease term by the Office if the lease is reasonably certain to be extended (or terminated).

2025
\$'000

2024
\$'000

The interest on the lease liability is recognised in profit or loss over the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Variable lease payments, not included in the measurement of the lease liability, are recognised by the Office in profit or loss in the period in which the condition that triggers those payments occurs.

Subsequent measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

7.4 Finance cost

Lease interest expense	10	9
Finance cost expensed	10	9

2025
\$'000

2024
\$'000

8. Financial instrument

The section sets out the key risk management policies and measurement techniques of the Office.

8.1 Financial instruments

The carrying amount of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

Financial assets

Cash and cash equivalents	4,120	1,915
Financial assets at amortised cost ^(a)	18,507	22,167
Total financial assets	22,627	24,082

Financial liabilities

Financial liabilities at amortised cost	3,367	5,704
Total financial liabilities	3,367	5,704

(a) The amount excludes GST recoverable from the ATO (statutory receivable).

9. Other disclosures

The section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of the financial statements

	Notes
Changes in accounting policies	9.1
Key management personnel	9.2
Related party transactions	9.3
Remuneration of auditors	9.4
Events occurring after the end of the reporting period	9.5
Supplementary financial information	9.6

9.1 Changes in accounting policies

There were no material changes in accounting policies during the year, either as a result of any new accounting standards, or a voluntary change in accounting policy adopted by the Office.

9.2 Key management personnel

The Office has determined key management personnel to include senior officers of the OAG. The total salaries, superannuation, accrued leave benefits, monetary and non-monetary benefits for senior officers of the Office for the reporting period are presented within the following bands:

Compensation band (\$)	2025	2024
150,001 – 200,000	-	1
200,001 – 250,000	4	5
250,001 – 300,000	2	-
300,001 – 350,000	1	1
350,001 – 400,000	-	1
400,001 – 450,000	1	-
500,001 – 550,000	-	1
550,001 – 600,000	1	-
	9	9
	\$'000	\$'000
Total compensation of senior officers	2,778	2,619

The number of senior officers in the table above also include the remuneration of those senior officers who were under acting arrangements for longer than 3 months.

9.3 Related party transactions

The Office is a wholly owned public sector entity that is controlled by the State of Western Australia. Related parties of the Office include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities,
- all senior officers and their close family members, and their controlled or jointly controlled entities,
- other agencies and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities),
- associates and joint ventures of a wholly-owned public sector entity, and
- the Government Employees Superannuation Board (GESB).

Material transactions with related parties

The Office had no material related party transactions with Ministers, senior officers or their close family members or their controlled or jointly controlled entities. Refer to 'Note 9.2 Key management personnel' for disclosure of compensation of key management personnel.

9.4 Remuneration of auditors

An independent auditor is appointed by the Governor under section 38(2) of the *Auditor General Act 2006* to audit the accounts, financial statements, controls and key performance indicators of the Office with the fee being paid by this Office. Remuneration in respect of the external audit for the current financial year, paid or payable to Hall Chadwick (WA) Pty Ltd, is as follows:

Auditing the accounts, financial statements, controls and key performance indicators	53	52
	53	52

9.5 Events occurring after the end of the reporting period

There were no events occurring after the end of the reporting period that warrant disclosure.

9.6 Supplementary financial information

(a) Write-offs

During the reporting period \$1,090.57 (2024: \$815.03) was written off the Office's books under the authority of:

The accountable authority	1	1
	1	1

10. Explanatory statement

All variances between annual estimates (original budget) and actual results for 2025, and between the actual results for 2025 and 2024 are shown below. Narratives are provided for key major variances which vary more than 10% from the comparative and which are more than 1% of the following (as appropriate):

1. Estimate and actual results for the current year (a) Total Cost of Services of the annual estimates for the Statement of comprehensive income and Statement of cash flows (i.e. 1% of \$53.781m), and (b) Total Assets of the estimate for the Statement of financial position (i.e. 1% of \$30.399m).
2. Actual results for the current year and the prior year actual (a) Total Cost of Services for the previous year for the Statement of comprehensive income and Statement of cash flows (i.e. 1% of \$53.325m), and (b) Total Assets for the previous year for the Statement of financial position (i.e. \$1% of \$32.009m).

	Variance note	Estimate 2025 \$'000	Actual 2025 \$'000	Actual 2024 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2025 and 2024 \$'000
10.1 Statement of comprehensive income variances						
Expenses						
Employee benefits expense	1, a	30,512	32,245	27,989	1,733	4,256
Supplies and services	2	20,226	22,049	22,343	1,823	(294)
Depreciation and amortisation expense		730	1,225	927	495	298
Accommodation expenses		2,148	1,955	2,019	(193)	(64)
Finance cost		11	10	9	(1)	1
Other expenses		154	27	38	(127)	(11)
Total cost of services		53,781	57,511	53,325	3,730	4,186
Income						
User charges and fees	3, b	12,505	13,162	12,296	657	866
Other revenue		-	186	45	186	141
Total revenue		12,505	13,348	12,341	843	1,007
NET COST OF SERVICES		41,276	44,163	40,984	2,887	3,179
Income from State Government						
Service appropriation	4, c	14,736	15,632	14,010	896	1,622
Income from other public sector entities	5, d	26,147	27,805	26,360	1,658	1,445
Resources received free of charge		467	33	83	(434)	(50)
Total income from State Government		41,350	43,470	40,453	2,120	3,017
SURPLUS/(DEFICIT) FOR THE PERIOD		74	(693)	(531)	(767)	(162)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		74	(693)	(531)	(767)	(162)

	Variance note	Estimate 2025 \$'000	Actual 2025 \$'000	Actual 2024 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2025 and 2024 \$'000
10.2 Statement of financial position variances						
ASSETS						
Current assets						
Cash and cash equivalents		1,928	4,120	1,915	2,192	2,205
Receivables		14,438	11,537	15,518	(2,901)	(3,981)
Amounts receivable for services		-	390	390	390	-
Other current assets	6, e	492	1,330	905	838	425
Total current assets		16,858	17,377	18,728	519	(1,351)
Non-current assets						
Receivables		642	980	789	338	191
Amounts receivable for services		6,437	6,047	5,685	(390)	362
Property, plant and equipment	7	1,047	351	528	(696)	(177)
Right-of-use assets		151	114	156	(37)	(42)
Intangible assets	8	5,264	6,308	6,123	1,044	185
Total non-current assets		13,541	13,800	13,281	259	519
TOTAL ASSETS		30,399	31,177	32,009	778	(832)
LIABILITIES						
Current liabilities						
Payables		3,958	3,367	5,704	(591)	(2,337)
Provisions	9, f	4,267	6,350	5,110	2,083	1,240
Lease liabilities		54	39	40	(15)	(1)
Total current liabilities		8,279	9,756	10,854	1,477	(1,098)
Non-current liabilities						
Provisions	10	1,472	1,149	995	(323)	154
Lease liabilities		107	83	122	(24)	(39)
Total non-current liabilities		1,579	1,232	1,117	(347)	115
TOTAL LIABILITIES		9,858	10,988	11,971	1,130	(983)
NET ASSETS		20,541	20,189	20,038	(352)	151
EQUITY						
Contributed equity		15,144	16,166	15,322	1,022	844
Accumulated surplus		5,397	4,023	4,716	(1,374)	(693)
TOTAL EQUITY		20,541	20,189	20,038	(352)	151

	Variance note	Estimate 2025 \$'000	Actual 2025 \$'000	Actual 2024 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2025 and 2024 \$'000
10.3 Statement of cash flows variances						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation		13,984	14,880	13,241	896	1,639
Capital appropriations		300	544	1,970	244	(1,426)
Funds from other public sector entities		26,147	31,992	22,396	5,845	9,596
Digital Capability Fund		-	1,047	-	1,047	1,047
Holding Account drawdown		390	390	390	-	-
Net cash provided by State Government		40,821	48,853	37,997	8,032	10,856
Utilised as follows:						
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits		(30,512)	(30,696)	(27,616)	(184)	(3,080)
Supplies and services		(20,182)	(24,932)	(20,940)	(4,750)	(3,992)
Finance costs		(11)	(10)	(9)	1	(1)
Accommodation		(1,697)	(1,955)	(1,935)	(258)	(20)
GST payments on purchases		(1,800)	(2,634)	(2,561)	(834)	(73)
GST payments to taxation authority		-	(2,713)	(1,527)	(2,713)	(1,186)
Other payments		(154)	(27)	(58)	127	31
Receipts						
User charges and fees		12,464	12,442	15,341	(22)	(2,899)
GST receipts on sales		1,630	4,511	3,324	2,881	1,187
GST receipts from taxation authority		170	601	491	431	110
Other receipts		-	186	47	186	139
Net cash used in operating activities		(40,092)	(45,227)	(35,443)	(5,135)	(9,784)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets		(1,190)	(1,186)	(3,714)	4	2,528
Net cash used in investing activities		(1,190)	(1,186)	(3,714)	4	2,528
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Principal elements of lease payments		(43)	(44)	(50)	(1)	6
Payment to accrued salaries account		-	(191)	(147)	(191)	(44)
Net cash used in financing activities		(43)	(235)	(197)	(192)	(38)
Net increase/(decrease) in cash and cash equivalents		(504)	2,205	(1,357)	2,709	3,562
Cash and cash equivalents at the beginning of the period		3,074	1,915	3,914	(1,159)	(1,999)
Adjustment for the reclassification of accrued salaries account		-	-	(642)	-	642
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		2,570	4,120	1,915	1,550	2,205

Major estimate and actual variance narratives

Statement of comprehensive income

1. Employee benefits expense increased by \$1.733m (5.7%) compared to budget estimate due to the recruitment of audit staff required to address complex audit issues and ensuring the delivery of high-quality audit outcomes. The increase in the Public Sector Wage Policy also contributed to the higher costs incurred.
2. Supplies and services increased by \$1.823m (9%) compared to budget estimate primarily due to higher contract audit firm costs, reflecting the increased audit activity performed by them and to ensure prior year findings are resolved.
3. User charges and fees increased by \$0.657m (5.3%) compared to budget estimate was driven by an increase in complexity of audits across both the State and local government sectors. In addition, additional fees were charged as contract audit firms billed us for increased costs associated with delivering these audits.
4. Service appropriation increased by \$0.896m (6.1%) when compared to budget estimate mainly due to the funding provided for the Public Sector Wages Policy.
5. Income from other public sector entities increased by \$1.658m (6.3%) when compared to budget estimate due to contracted and in-house audits progressing further than initially anticipated, resulting in the increase in revenue recognition in the current financial year. In addition, funding was received from the Digital Capability Fund in the year.

Statement of financial position

6. Other Current Assets increased by \$0.838m (170%) due to an increase in prepayments made at the end of the financial year.
7. Property, Plant and Equipment decreased during the year by \$0.696m (66.5%) due to the reduction in IT equipment purchases with a corresponding increase in Intangibles.
8. Intangible assets increased by \$1.044m (19.8%) due to the completion and capitalisation of several key projects, including the development of our enhanced audit methodology, which supports consistent and quality audit delivery, as well as investments in IT systems aimed at mitigating operational risks and strengthening our cyber security posture.
9. Current provisions increased by \$2.083m (48.8%) compared to budget estimate is attributable to higher staffing levels in audit business units, higher wage rates, and a growing balance of accrued entitlements driven by greater demand for financial auditing services.
10. Non-current provisions decreased by \$0.323m (22%) compared to budget estimate due to turnover of staff with higher leave liabilities.

Statement of cash flows

No major variances have arisen that have not substantially been explained elsewhere in other narrative disclosures.

Major actual (2025) and comparative (2024) variances narratives*Statement of comprehensive income*

- a. Employee benefits expense increased by \$4.256m (15.2%) compared to prior year due to the increase in the Public Sector Wage Policy. Our attrition rate has improved this year, compared to last year, resulting in the increased cost.
- b. User charges and fees increased by \$0.866m (7%) compared to the prior year due to ongoing complexity of audits across both the State and local government sectors. Additional fees were charged as contract audit firms billed us for increased costs associated with delivering these audits.
- c. Service appropriation increased by \$1.622m (11.6%) compared to prior year due to the Public Sector Wages Policy, and funding for Information and Communications Technology providing cyber security enhancements.
- d. Income from other public sector entities increased by \$1.445m (5.5%) compared to the prior year because of audits progressing further than initially anticipated, for both contracted and in-house audits, resulting in the increase in revenue recognition in the current financial year. In addition, funding was received from the Digital Capability Fund in the year.

Statement of financial position

- e. Other Current Assets increased by \$0.425m (47%) due to an increase in prepayments made at the end of the financial year.
- f. Current provisions increased by \$1.240m (24.3%) compared to the prior year as due to an increase in staff levels to support operational demands, higher wage rates, and a growing balance of entitlements with an increased demand to undertake financial auditing.

Statement of cash flows

No major variances have arisen that have not substantially been explained elsewhere in other narrative disclosures.

CERTIFICATION OF KEY PERFORMANCE INDICATORS

For the year ended 30 June 2025

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Office of the Auditor General's (Office) performance, and fairly represent the performance of the Office for the financial year ended 30 June 2025.



Caroline Spencer
Accountable Authority
18 August 2025

PERFORMANCE INDICATORS

The Office is a public sector entity established to support the Auditor General. The Auditor General is an independent Officer of Parliament and, as such, reports directly to the Parliament and ultimately the people of Western Australia, providing assurance about the efficient and effective delivery of services and the responsible management of the finances of the State and of Western Australian local governments.

Desired outcome

An informed Parliament and community on public sector accountability and performance.

Service

Public sector auditing

Key effectiveness performance indicators

We assess our effectiveness in informing Parliament about public sector accountability and performance by the number of tabled reports compared to the annual target for each of the following categories of government activity:

- service delivery
- economic development
- social and environment
- governance.

The Office has set a target for each of the four categories to reflect our desire to provide adequate audit coverage of public sector issues and operations. A crucial element of this indicator is the establishment of a three-year target for each category of activity reporting. The current reporting cycle covers the three years starting with the 30 June 2025 year and has a target of 84 reports to be tabled.

To track progress toward the three-year target, we set an individual target for each year. The target for 2024-25 was 28 reports and the number of reports tabled was 24.

The table below shows the number of reports tabled in the preceding three years, our performance for the current year compared to target and our performance for the three-year cycle.

Category	2021-22 Actual	2022-23 Actual	2023-24 Actual	3-year Actual 2021-22 to 2023-24	3-year Target 2021-22 to 2023-24	2024-25 Actual	2024-25 Target	3-year Target 2026-27
Service delivery	6	7	4	17	22	2	8	22
Economic development	3	1	1	5	13	2	4	13
Social and environment	2	3	1	6	13	3	4	13
Governance	12	17	20	49	36	17	12	36
- section 82 opinions	3	5	2	10	-	2	-	-
- other	9	12	18	39	-	15	-	-
Total	23	28	26	77	84	24	28	84

Table 21: Key effectiveness performance indicator 2024-25

The decline in tabled reports from target and prior year is primarily due to the increasing complexity and scale of our audit work. We are undertaking large-scope audits that require deeper analysis, greater scrutiny, and significantly more time and senior staff involvement. For example, the forensic audit of fraud risks in land transactions by DevelopmentWA involved a workload equivalent to three separate audits. While these audits demand substantial effort and resources, they deliver greater impact by helping the public sector improve its performance and accountability.

Staffing challenges also contributed to the shortfall. Difficulties in recruiting and retaining skilled staff, along with staff absences, affected capacity across all business units, particularly in financial and performance audit delivery roles.

While the Office has targets set for each three-year period, the actual outcomes are influenced by unplanned matters that we are required or choose to respond to, such as Section 82 reports and financial management topics in the local government sector.

Our performance, information systems and forensic audit program for 2024-25 resulted in 17 audit reports tabling in Parliament, including two section 82 reports. Combined with the financial audit program, resulted in 24 reports tabled in 2024-25, four reports short of the planned annual target.

As we continue to prioritise audits that deliver deeper insights and drive meaningful change, it is expected that these large-scope, high-impact audits will require more time and resources, and may affect our ability to meet traditional volume-based targets. While there was a variance from planned delivery in the categories, our topic selection process aims to provide Parliament with information and assurance across all four categories of public sector activity.

Our targets are one of several factors we consider in our selection of topics. Other factors include the significance of identified issues and matters referred to us by Parliament. These factors may result in certain category targets not being met in a specific year or across the three-year program as can be seen by results by category.

We are aiming for a target of 84 reports over the current three years, encompassing the financial years 2024-25, 2025-26 and 2026-27, with at least 28 of those planned for the next financial year. While we aim to meet these report targets, we will not compromise the quality of our reports to achieve a quantitative measure.

The Office also aims to meet the individual report category targets each year, and is focused on providing assurance in a timely way on key matters of parliamentary and community interest as they emerge. As such, our category targets are only one factor in our selection of topics. Similarly, the Office may on occasions fall short of or exceed its annual total target of reports, in a given year, as a result of unforeseen matters that impact the scheduled tabling date.

Key efficiency performance indicators

The key efficiency performance indicators measure the overall efficiency in delivering the Office's service 'Public Sector Auditing'. The Office is responsible for undertaking external audits of the Western Australian public sector. This is performed through audits of financial statements, controls, key performance indicators, efficiency and effectiveness of entities, and reporting the results to Parliament.

Our key efficiency performance indicators are based on what it costs us to perform our audits, split into our attest (financial statement, controls, and key performance) and non-attest (efficiency, effectiveness, and forensic) audits. The attest audit indicator is then further split for State sector entities and local government.

We also track our efficiency in finalising attest audits by reporting the number of days we take to issue audit opinions.

Efficiency indicator	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2024-25 Target	Notes
Total audit cost (attest and non-attest) per million dollars of total public sector expenditure	\$508	\$551	\$610	\$576	\$625	1
Total attest audit cost per million dollars of total public sector expenditure	\$405	\$450	\$490	\$467	\$470	2
State attest audit cost per million dollars of total public sector expenditure	\$307	\$338	\$371	\$350	\$357	
Local government attest audit cost per million dollars of total public sector expenditure	\$98	\$112	\$119	\$117	\$113	
Total non-attest audit cost per million dollars of total public sector expenditure	\$103	\$101	\$120	\$109	\$155	3
Average number of days taken after balance date to issue financial audit opinions for State government entities	79.5 days	90.1 days	73 days	68 days	68 days	
Average number of days taken after balance date to issue financial audit opinions for local government entities	n.a.	n.a.	78 days	70 days	68 days	4

Table 22: Key efficiency performance indicator 2024-25

The total public sector expenditure value (\$96.1 billion) incorporates total public sector expenditure together with expenditure by universities, superannuation, and other boards. The estimated actual total public sector expenditure from the Government Estimated Financial Projections Statement is used rather than actual total public sector expenditure, as the actual results are not available at the time these key performance indicators are produced.

The audit costs used to calculate the key efficiency indicators are extracted from the Office's Financial Management Information System. The proportion of total cost assigned to attest and non-attest is based on recorded direct hours charged to audits and an activity-based allocation of Office overheads.

Section 64 of the *Financial Management Act 2006* requires Ministers to table agency annual reports, including the audit opinion on the financial statements, controls, and key performance indicators in Parliament within 90 days of the end of a financial year. Accordingly, we have adopted an efficiency indicator, which measures the average number of days taken after balance date to issue agency financial audit opinions. Our target has been set regarding this statutory requirement for all State agency financial audits.

Local government financial auditing has similar timelines and following the full transition of all local government audits to the Office, an indicator was added in the prior year for the average number of days taken after legislated submission date to issue financial audit opinions for local government entities.

Notes

1. The decrease in total audit cost (attest and non-attest) per million dollars of total public sector expenditure compared to the 2024-25 Budget is 7.84%, due to the Office's expenditure not increasing at a comparable rate with the total public sector expenditure. In addition, the Office is focused on driving efficiencies within its internal operations, recognising the growing pressure that rising costs place on agencies. In response the Office is taking a targeted approach to audit planning by carefully determining audit risks and tailoring procedures that reflect the current operating environment for each entity.
2. The 0.64% variance in total attest audit cost per million dollars of total public sector expenditure to target is due to achieving the target for State attest audit costs, and slightly over the target for local government attest audit costs, largely due to stabilising cost of services charged by contract audit firms, and reduced audit effort this year due to fewer qualifications in comparison to last year. The more significant reduction to the 2023-24 actual of 4.69% is largely due to 2023-24 incurring more of the costs in transitioning to our new audit methodology and tool as that was our first year of its full application across our audit portfolio.
3. Total non-attest audit cost per million dollars of total public sector expenditure decreased by 29.68%, mainly attributable to the ongoing difficulties in recruiting and retaining appropriate numbers of skilled staff in performance and forensic audit functions, which reduces the expenditure and has a direct impact on the number of audits performed and reports tabled.

4. While the Office was unable to remain within estimated targets in 2024-25 for local government entities, a significant improvement in timeliness compared to prior years was achieved due to the concerted efforts of entity and the Office staff to focus on efficiencies and audit readiness. The 2024-25 actual average number of days is two days higher, compared to the 2024-25 targets, primarily due to some entities not being audit ready, and complex accounting and reporting issues, including qualifications and significant findings, that the Office is identifying across both sectors.

These factors, along with the ongoing difficulties in recruiting and retaining appropriate numbers of skilled audit staff, and experienced finance professionals within audited entities, will likely continue impacting auditing timeframes. There has also been a growing trend of process delays impacting the progress of audits, where entities are taking longer to respond to information requests and, to a lesser extent, to our preliminary findings and procedural fairness. Whereas historically approximately one in five entities may have requested a later start date or additional response time for our performance audits, such requests are now routine in almost all audits. This appears to be the result of staffing shortages and workload pressures in entities, and, whilst understandable, regrettably has a direct impact on audit efficiency and timeframes.

The improvement in timeliness compared to last year recognises the efforts and commitment of accountable authorities to resolve prior year qualified matters and findings and the Office's support to the sectors to improve audit readiness and a stricter approach to finalising audits by due dates.



(Appendix AAR: 10.7B)

Scan the QR code to access our audit fees

OTHER FINANCIAL DISCLOSURES

Pricing policies

Our fee model is based on our legislation and Department of Treasury guidelines. We invoice State and local government entities for financial audits inclusive of information systems audits. Our fees also cover our information systems application audits, as well as our sector-wide and parliamentary engagement and reporting. Performance and forensic audits are not fee-recovered from entities; they are funded by appropriation from the Parliament.

Fees are based on the hours required to undertake each financial audit. Where a contractor conducts an audit on our behalf, we base the fees on the contractor’s fees and our hours to review and oversee delivery and report results to the Parliament and other stakeholders. The fee model also assumes:

- full recovery of direct costs including salary, superannuation and training
- full recovery of identified overheads with these costs being spread over all financial audit engagements.

Given feedback received in recent years on our fees we have improved our communications and share the following information with the entities:

- what entities receive for the fees levied
- the change in fees
- how the OAG compares to other audit offices
- why fees have changes
- what we are doing to manage fees responsibly.

We provide this information on our website and to other relevant stakeholders, such as the Public Accounts Committee, Standing Committee on Estimates and Financial Operations and ministers.

Capital works

Capital projects incomplete (dollars spent this financial year)

- audio visual upgrade (\$65,090)
- Essential Eight and Further Five cyber security (\$62,850)
- fit out costs for office (\$103,064)

Capital projects completed

- audit methodology tool (part 2) (\$1,954,251)
- disaster recovery maturity enhancement (\$217,215)
- Essential Eight cyber security uplift (\$289,824)

Staff profile

Category	At June 2025	At June 2024
Full time permanent	162	147
Full time contract	42	43
Part time permanent	28	28
Part time contract	2	3
Casual contract	0	0
On secondment into the OAG	0	3
Total	234	224

Table 23: Our staff profile

Employee development

As a professional workforce, many of our employees are members of bodies that require a minimum number of continuing professional development hours. We are committed to the development of our people and assisting them to attain and maintain their professional qualifications. We also know that both formal and on-the-job training is required to maintain the professional capability of our entire workforce. This year, our professional development program delivered more than 21,700 hours of in-house and external training. This equates to over 102 hours per person for the year.

As the result of our commitment to professional development and training, we are recognised as an employer partner by CPA Australia and Chartered Accountants Australia and New Zealand. More information on our program is outlined in the professional development section (page 47).

Workers compensation

This financial year no new compensation claims were recorded. Last year, we finalised one compensation claim from 2022-23.



GOVERNANCE DISCLOSURES

Auditor General disclosure

Under schedule 1, clause 3 of the *Auditor General Act 2006*, the Auditor General must not, except so far as authorised by law or by resolutions of both Houses of Parliament, hold certain offices, places or positions referred to in the *Constitution Acts Amendment Act 1899*. The schedule also prohibits the Auditor General from engaging in any paid employment outside the duties of the OAG.

At no time since my appointment as Auditor General have I engaged in paid employment outside the duties of my office. In December 2023, I was re-appointed to the Australian Accounting Standards Board from 1 January 2024 to 30 June 2026 on a non-remunerated basis. Ex-officio, I am a member of the State Records Commission, as authorised under section 58 (a) of the State Records Act 2000; the Redistribution Committee for Western Australia as authorised under section 60(d) of the Commonwealth Electoral Act 1918; and the Australasian Council of Auditors-General.

- Caroline Spencer

OTHER LEGAL REQUIREMENTS

Unauthorised use of credit cards

Our employees hold corporate credit cards where their functions warrant use of this facility. Cardholders are reminded of their obligations under our purchasing card policy. This year no employee used their credit card for a personal purchase (intentionally or inadvertently).

Category	2024-25
Number of instances the Western Australian Government purchasing cards have been used for personal purposes	0
Aggregate amount of personal use expenditure for the reporting period	n/a
Aggregate amount of personal use expenditure settled by the due date (within five working days)	n/a
Aggregate amount of personal use expenditure settled after the period (after five working days)	n/a
Aggregate amount of personal use expenditure remaining unpaid at the end of the reporting period	n/a
Number of referrals for disciplinary action instigated by the notifiable authority during the reporting period	n/a

Table 24: Personal use of OAG credit cards

Expenditure on advertising and surveys

In accordance with section 175ZE of the *Electoral Act 1907*, we incurred the following expenditure in recruitment advertising, conducting entity and MP surveys, and our contribution to the ACAG benchmarking survey. The total expenditure for 2024-25 was \$104,749.46.

Expenditure was incurred in the following areas (ex-GST):

Expenditure	Provider	Amount
Recruitment advertising	Initiative Media Australia	\$8,031.96
	Institute of Internal Auditors - Australia	\$1,848.00
Surveys	Orima Research	\$94,869.57
Total		\$104,749.53

Table 25: Expenditure on advertising and surveys

Disability access and inclusion plan

Our *Disability Access and Inclusion Plan 2022-2027* outlines actions we will take to improve access to our services, building, information and practices for people with disability, their families and carers.

During the year, we worked with employees individually to meet their accessibility and inclusion needs. We are open to new ideas for making reasonable adjustments to ensure people with disability have the same opportunities to obtain and maintain employment with the OAG. Some of these methods include accessibility software such as voice-to-text equipment; promoting availability of flexible work hours, work-from-home and quiet workspaces; and approval of the use of noise-cancelling headphones. We continue to work with Albert Facey House building management to ensure building access, meeting rooms and signage is accessible and appropriate for people with disability.

Compliance with public sector standards and ethical codes

Our policies and procedures are designed to meet compliance requirements of public sector standards and public sector Code of Ethics. Our Code of Conduct specifies the personal behaviours expected of our employees. Additionally, our audit employees and contracted audit firms must adhere to the professional standards required of auditors.

We inform our employees of these standards and requirements at their induction and publish all documents and updates on our intranet. Employees are also required to annually declare their commitment to the Code of Conduct.

Our Human Resources team provides consultancy and support services in relation to the public sector human resource standards, particularly in recruitment and selection processes, through panel membership, specialist advice, training and guidance. All applicant correspondence includes details on accessing public sector standards, and all recruitment and appointment processes are reviewed to ensure compliance.

There were no breaches of standard claims upheld by the Public Sector Commission in the past year. We had two processes involving our Code of Conduct completed or discontinued this year.

Recordkeeping plan

The OAG is committed to continuously improving our recordkeeping culture and practices to ensure compliance with the *State Records Act 2000* and best business outcomes.

In accordance with section 19 of the State Records Act, the OAG maintains a recordkeeping plan that reflects our strong commitment to improving records management and our recordkeeping systems, disposal programs, policies and procedures. The plan emphasises the importance of ensuring all employees are aware of their compliance responsibilities and provided with training in these areas. The State Records Commission approved the OAG recordkeeping plan in April 2025.

Our core recordkeeping system is Content Manager. The OAG uses dedicated systems for audit-specific records, human resource management, practice management (time recording and reporting) and financial management. We maintain a role-based security structure and are implementing an integrated information classification mechanism.



Inclusiveness statement

Our commitment to a diverse and inclusive workplace underpins how we celebrate our differences (page 50). By valuing diversity and inclusion, we achieve greater staff satisfaction, improved decision making and better performance by creating a connected, motivated and productive workforce.

While we have not undertaken any new additional specific initiatives to support inclusiveness this year, we recognise its importance and as part of our ongoing efforts, celebrated cultural morning teas to encourage connection and appreciation of the diverse cultures represented across our workforce.

We continue to support staff with disability or diverse backgrounds and are committed to maintaining a workplace where staff are included and supported to make a constructive contribution to the work of the office. We hope to promote an environment where individuals feel confident to share their backgrounds and lived experiences, including disability, in a respectful and supportive setting.

GOVERNMENT POLICY REQUIREMENTS

Health, safety and injury management performance

In Western Australia, a lost time injury or disease is defined as one day/shift lost or more. The lost time injury or disease frequency and incidence rate are the principle measure of safety/performance in Western Australia and are used to monitor performance against national targets.

Measures	Results			Targets	Comments towards targets
	2022-23 base year	2023-24 prior year	2024-25 current year		
Number of fatalities	0	0	0	0	n/a
Lost time injury and disease incidence rate	0	0	0	0 or 10% improvement on the previous three years	n/a
Lost time injury and disease severity rate*	0	0	0	0 or 10% improvement on the previous three years	n/a
Percentage of injured workers returned to work (i) within 13 weeks	n/a	n/a	n/a	Greater than or equal to 80%	n/a
Percentage of injured workers returned to work (ii) within 26 weeks	n/a	n/a	n/a	Greater than or equal to 80%	n/a
Percentage of managers trained in work health and safety injury management responsibilities	80%	84%	67%	Greater than or equal to 80%	Initial training completed but recompletion rates currently impacting achievement of target

* Severity rate is (the number of lost time injury or diseases that resulted in 60 days or more lost divided by the total number of lost time injury or disease claims) x 100

Table 26: Our health, safety and injury management performance over the past three years

Committee remuneration

The independent chair and independent members of our committees receive remuneration for their membership.

Position	Committee	Name	Type of remuneration	2024-25 Period of membership	Term of appointment	Base sitting fees	2024-25 Actual remuneration*
Independent chair	ARCC	Peter Wilson	Annual	12 months	five-year contract	\$22,500	\$22,500
Independent member	ARCC	Trish Ridsdale	Annual	12 months	five-year contract	\$15,000	\$15,000
Independent member	AQMC	David Wall	Annual	12 months	two-year contract with option for two one-year extensions	\$15,000	\$15,000
Total							\$52,500

* Remuneration reported excludes GST and travel expenses incurred as per Public Sector Commissioner's guidelines for reimbursement of travel and expenses and Premier's Circular 2014/02: Guidelines for official air travel by ministers, parliamentary secretaries and government officers.

Table 27: Remuneration of independent members of OAG committees



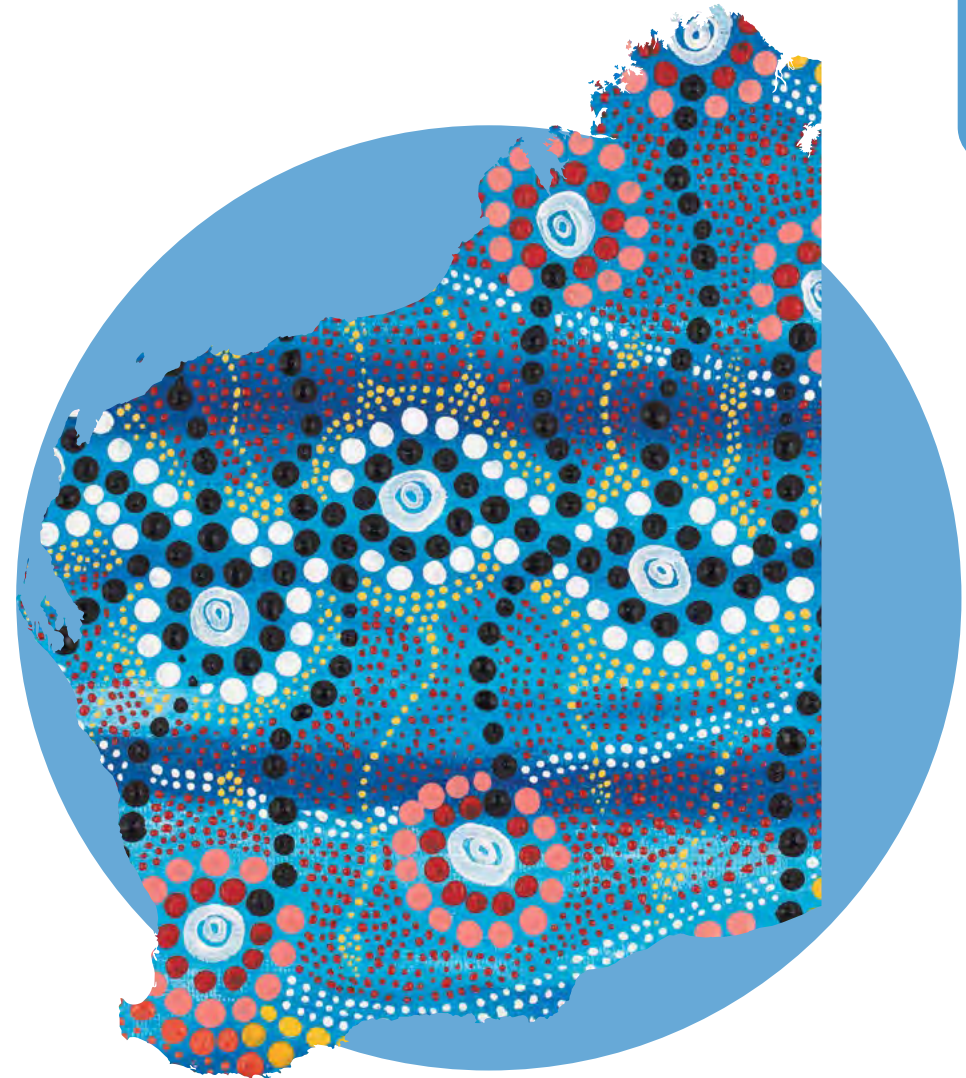
WA Multicultural Policy Framework

Our Multicultural Plan 2024-2025 reaffirms our commitment to the three key priorities of the Western Australian Multicultural Policy Framework. The plan reflects our dedication to fostering an inclusive workplace and community by promoting cultural, linguistic and religious diversity.

As outlined in the plan, our employees actively engage in events and activities that celebrate culturally significant dates. These initiatives help raise awareness and deepen understanding of the rich diversity in the OAG and the broader community.

As the State government entity with the highest level of cultural and linguistic diversity, we recognise the immense value that diverse perspectives bring. Our multicultural office stands as a testament to this strength and remains one of our greatest assets.

We are currently drafting our next multicultural plan for submission to the Minister for Citizenship and Multicultural Interests, the Hon Dr Tony Buti MLA early in the next financial year.



APPENDIX 1: ENTITIES THAT HAD A FINANCIAL AUDIT IN 2024-25

Audits under *Financial Management Act 2006*

Departments

Department of Biodiversity,
Conservation and Attractions
Department of Communities
Department of Education
Department of Energy, Mines,
Industry Regulation and Safety
Department of Finance
Department of Fire and
Emergency Services
Department of Health
Department of Jobs, Tourism,
Science and Innovation
Department of Justice
Department of the Legislative
Assembly
Department of the Legislative
Council
Department of Local Government,
Sport and Cultural Industries
Department of Planning, Lands
and Heritage
Department of the Premier and
Cabinet

Department of Primary Industries
and Regional Development
Department of the Registrar,
Western Australian Industrial
Relations Commission
Department of Training and
Workforce Development
Department of Transport
Department of Treasury
Department of Water and
Environment Regulation
Governor's Establishment
Mental Health Commission
Office of the Commissioner for
Children and Young People
Office of the Director of Public
Prosecutions
Office of the Information
Commissioner
Office of the Inspector of Custodial
Services
Parliamentary Commissioner for
Administrative Investigations
Parliamentary Services
Department
Police Service

Public Sector Commission
Western Australian Electoral
Commission

Statutory authorities

Agricultural Produce Commission
Arts & Cultural Trust
Botanic Gardens and Parks
Authority
Building and Construction Industry
Training Board
Central Regional TAFE
Chemistry Centre (WA)
Child and Adolescent Health
Service
Combat Sports Commission
Commissioner of Main Roads
Construction Industry Long
Service Leave Payments Board
Corruption and Crime
Commission
Country Housing Authority
Curtin University
Disability Services Commission
East Metropolitan Health Service

Economic Regulation Authority
Edith Cowan University
Fire and Emergency Services
Superannuation Board
Forest Products Commission
Gaming and Wagering
Commission of Western
Australia
Gascoyne Development
Commission
Gold Corporation
Goldfields-Esperance
Development Commission
Government Employees
Superannuation Board
Great Southern Development
Commission
Health and Disability Services
Complaints Office
Health Support Services
Heritage Council of Western
Australia
Housing Authority
Infrastructure WA
Insurance Commission of Western
Australia

(Appendix AAR: 10.7B)

Keep Australia Beautiful Council WA	Professional Standards Council	The Coal Miners' Welfare Board of Western Australia	Western Australian Planning Commission
Kimberley Development Commission	Public Transport Authority of Western Australia	The Library Board of Western Australia	Western Australian Sports Centre Trust
Law Reform Commission of Western Australia	Public Trustee	The National Trust of Australia (W.A.)	Western Australian Tourism Commission
Legal Aid Commission of Western Australia	Quadriplegic Centre	The Queen Elizabeth II Medical Centre Trust	Western Australian Treasury Corporation
Legal Costs Committee	Racing and Wagering Western Australia	The University of Western Australia	Wheatbelt Development Commission
Local Health Authorities Analytical Committee	Racing Penalties Appeal Tribunal of Western Australia	The Western Australian Museum	WorkCover Western Australia Authority
Lotteries Commission	Rottneest Island Authority	Trustees of the Public Education Endowment	Zoological Gardens Authority
Metropolitan Cemeteries Board	Rural Business Development Corporation	WA Country Health Service	Subsidiaries
Metropolitan Redevelopment Authority	School Curriculum and Standards Authority	Western Australian Building Management Authority	Edith Cowan Accommodation Holdings Pty Ltd
Mid West Development Commission	Small Business Development Corporation	Western Australian Coastal Shipping Commission	Edith Cowan University Hold Trust
Minerals Research Institute of Western Australia	South Metropolitan Health Service	Western Australian Energy Disputes Arbitrator	Goldmaster Enterprises Pty Ltd
Murdoch University	South Metropolitan TAFE	Western Australian Greyhound Racing Association	Innovative Chiropractic Learning Pty Ltd
North Metropolitan Health Service	South Regional TAFE	Western Australian Health Promotion Foundation	Keystart Housing Scheme Trust
North Metropolitan TAFE	South West Development Commission	Western Australian Institute of Sport	Keystart Loans Limited
North Regional TAFE	State Solicitor's Office	Western Australian Land Information Authority	Murdoch Retirement Services Ltd
Parliamentary Inspector of the Corruption and Crime Commission	Swan Bells Foundation Inc	Western Australian Meat Industry Authority	Perth International Arts Festival Limited
PathWest Laboratory Medicine WA	The Aboriginal Affairs Planning Authority		The University Club of Western Australia Pty Ltd
Peel Development Commission	The Anzac Day Trust		UWA Accommodation Holdings Pty Ltd
Pilbara Development Commission	The Board of the Art Gallery of Western Australia		
	The Burswood Park Board		

UWA Accommodation Services
Pty Ltd

UWA Sport Pty Ltd

Request audits

Alan and Iris Peacocke Research
Foundation

Perth USAsia Centre Pty Ltd

Tertiary Institutions Service
Centre Ltd

The Delegate to the Queen
Elizabeth II Medical Centre Trust

Audits under other legislation

Cemeteries Act 1986

Albany Cemetery Board

Bunbury Cemetery Board

Kalgoorlie-Boulder Cemetery
Board

Port Authorities Act 1999

Fremantle Port Authority

Hedland Maritime Initiative Pty Ltd

Kimberley Ports Authority

Mid West Ports Authority

Pilbara Ports Authority

Southern Ports Authority

Other legislation

Annual Report on State Finances

Bunbury Water Corporation

Busselton Water Corporation

Horizon Power – Regional Power
Corporation

Synergy – Electricity Generation
and Retail Corporation

Water Corporation

Western Australian Land Authority

Western Power – Electricity
Networks Corporation

Subsidiaries

Flat Rocks Wind Farm Stage 2
Pty Ltd

South West Solar Development
Holdings Pty Ltd

Synergy Renewable Energy
Development Pty Ltd

Local government entities

City of Albany

City of Armadale

Shire of Ashburton

Shire of Augusta-Margaret River

Town of Bassendean

City of Bayswater

City of Belmont

Shire of Beverley

Shire of Boddington

Shire of Boyup Brook

Shire of Bridgetown-Greenbushes

Shire of Brookton

Shire of Broome

Shire of Broomehill-Tambellup

Shire of Bruce Rock

City of Bunbury

Bunbury-Harvey Regional Council

City of Busselton

Town of Cambridge

City of Canning

Shire of Capel

Shire of Carnamah

Shire of Carnarvon

Shire of Chapman Valley

Shire of Chittering

Shire of Christmas Island

Town of Claremont

City of Cockburn

Shire of Cocos (Keeling) Islands

Shire of Collie

Shire of Coolgardie

Shire of Coorow

Shire of Corrigin

Town of Cottesloe

Shire of Cranbrook

Shire of Cuballing

Shire of Cue

Shire of Cunderdin

Shire of Dalwallinu

Shire of Dandaragan

Shire of Dardanup

Shire of Denmark

Shire of Derby-West Kimberley

Shire of Donnybrook-Balingup

Shire of Dowerin

Shire of Dumbleyung

Shire of Dundas

Town of East Fremantle

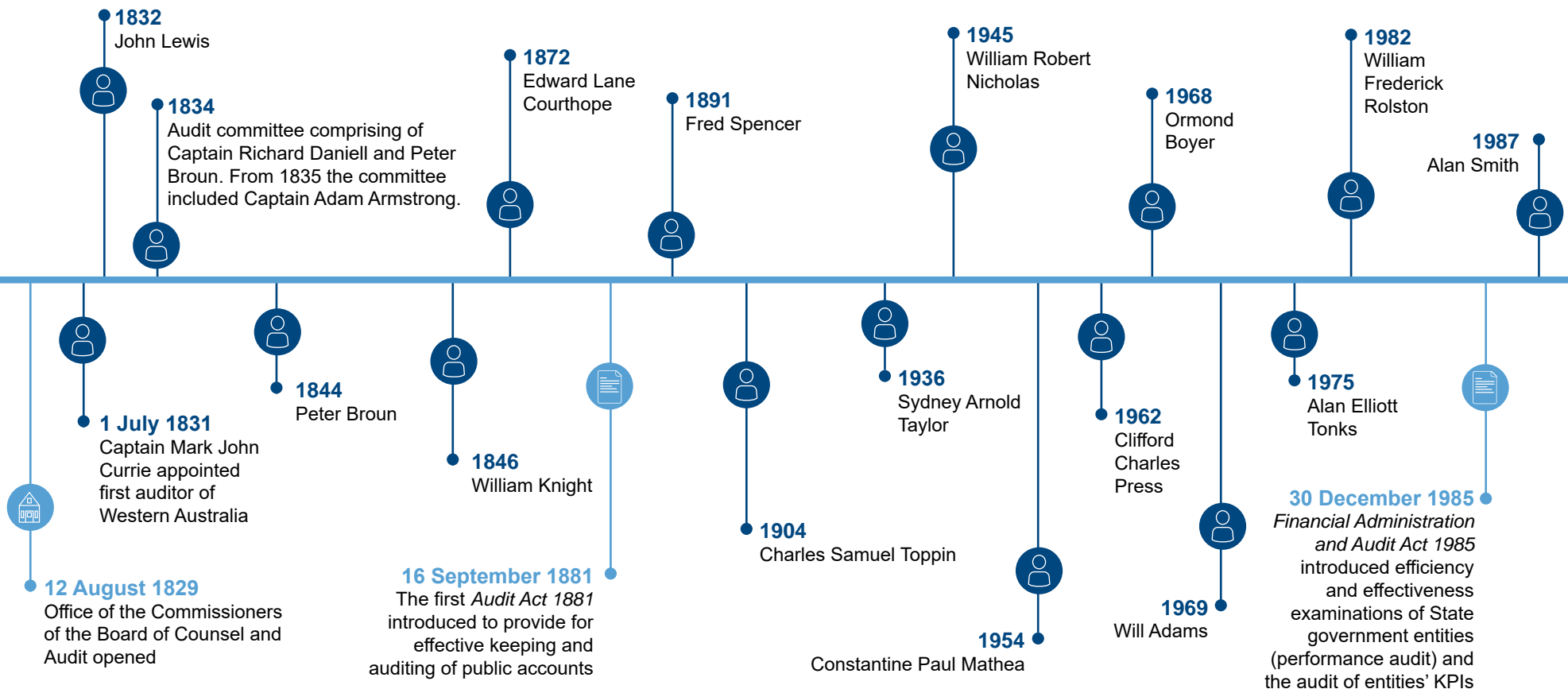
Shire of East Pilbara	City of Kwinana	Shire of Narrogin	Shire of Tammin
Eastern Metropolitan Regional Council	Shire of Lake Grace	Shire of Ngaanyatjaraku	Shire of Three Springs
Shire of Esperance	Shire of Laverton	Shire of Northam	Shire of Toodyay
Shire of Exmouth	Shire of Leonora	Shire of Northampton	Shire of Trayning
City of Fremantle	City of Mandurah	Shire of Nungarin	Shire of Upper Gascoyne
Shire of Gingin	Shire of Manjimup	Shire of Peppermint Grove	Town of Victoria Park
Shire of Gnowangerup	Shire of Meekatharra	Shire of Perenjori	Shire of Victoria Plains
Shire of Goomalling	City of Melville	City of Perth	City of Vincent
City of Gosnells	Shire of Menzies	Shire of Pingelly	Shire of Wagin
City of Greater Geraldton	Shire of Merredin	Shire of Plantagenet	Shire of Wandering
Shire of Harvey	Mindarie Regional Council	Town of Port Hedland	City of Wanneroo
Shire of Irwin	Shire of Mingenew	Shire of Quairading	Shire of Waroona
Shire of Jerramungup	Shire of Moora	Shire of Ravensthorpe	Shire of West Arthur
City of Joondalup	Shire of Morawa	Rivers Regional Council	Western Metropolitan Regional Council
City of Kalamunda	Town of Mosman Park	Resource Recovery Group	Shire of Westonia
City of Kalgoorlie-Boulder	Shire of Mount Magnet	City of Rockingham	Shire of Wickepin
City of Karratha	Shire of Mount Marshall	Shire of Sandstone	Shire of Williams
Shire of Katanning	Shire of Mukinbudin	Shire of Serpentine-Jarrahdale	Shire of Wiluna
Shire of Kellerberrin	Shire of Mundaring	Shire of Shark Bay	Shire of Wongan-Ballidu
Shire of Kent	Shire of Murchison	City of South Perth	Shire of Woodanilling
Shire of Kojonup	Murchison Regional Vermin Council	City of Stirling	Shire of Wyalkatchem
Shire of Kondinin	Shire of Murray	City of Subiaco	Shire of Wyndham-East Kimberley
Shire of Koorda	Shire of Nannup	City of Swan	Shire of Yilgarn
Shire of Kulin	Shire of Narembeen	Tamala Park Regional Council	Shire of York

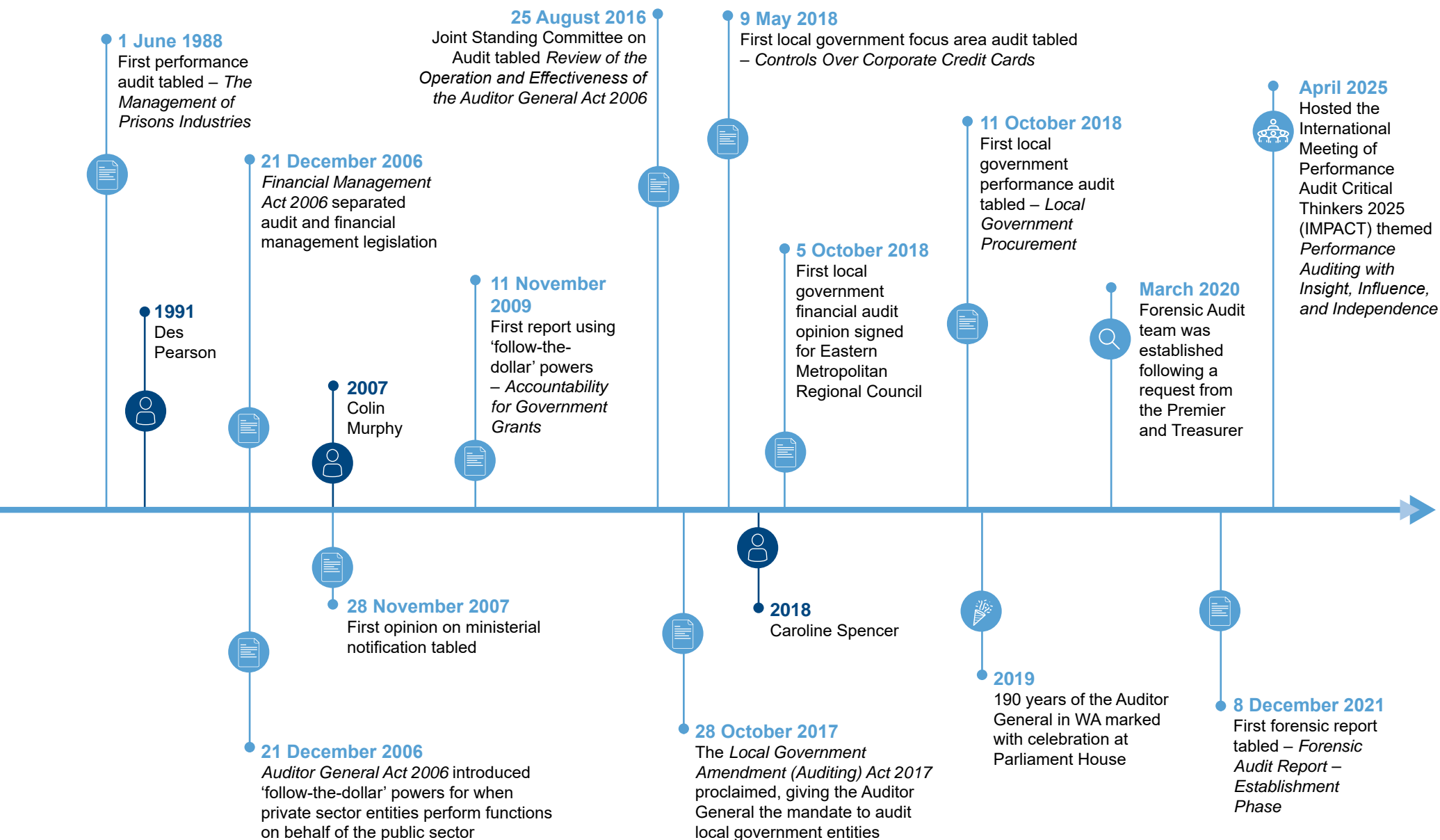
OUR HISTORY

The origins of the OAG date back to the first months of settlement of the Swan River colony in 1829. In May, before even landing on shore, Captain Stirling formed a Board of Counsel and Audit in the management of the property of the Crown, and of public property within the settlement.

Stirling commanded the Office of the Commissioners of the Board of Counsel and Audit be opened for the despatch of business on 12 August 1829. But they were very humble beginnings, operating out of a tent on the site chosen for the Town of Perth.

Western Australia has had 19 Auditors General. The current Auditor General, Caroline Spencer, is the first female appointed to the role.







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Office of the Auditor General
for Western Australia



Report 3: 2025-26 | 12 November 2025

PERFORMANCE AUDIT

Maintaining Regional Local Roads



**Office of the Auditor General
for 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

Maintaining Regional Local Roads

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**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

MAINTAINING REGIONAL LOCAL ROADS

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

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

This audit assessed if regional local government entities effectively manage the maintenance of their local roads.

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

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

Caroline Spencer
Auditor General
12 November 2025

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Auditor General's overview

Since 1871, when they were established as road boards, local government entities in Western Australia have played a key role in maintaining regional local roads. The regional local road network covers over 113,000 kilometres of roads and connects an area of 2.5 million square kilometres, a third of Australia's land area. One of our five audited regional entities, the Shire of East Pilbara, is larger than the state of Victoria. This size and scale make maintaining regional local roads a highly challenging and complex task.



Regional local roads make up around 90% of all of WA's local roads, and responsibility for maintaining them is spread across 107 local governments of varying sizes and capabilities. Regional road users, like their metropolitan counterparts, pay vehicle licence fees and most of them pay rates and taxes. In return they expect, and should have, access to a network of roads that are maintained to be fit for purpose and safe to use. For regional local roads this is not always the case.

A lack of data, which is not unique to WA, means we do not know the overall condition of regional local roads, or the size and cost of the maintenance backlog. What we can see from our audit is that road works are inconsistent across the network. Some roads are in good condition and well maintained and others are not.

For road users this can mean restrictions on how they use their roads, limiting access to essential services like schools, healthcare and community facilities, causing extra costs in vehicle wear and tear and lost time. For local government entities this can mean deteriorating assets, reduced economic activity, higher maintenance costs and unmet community expectations.

Although entities are all undertaking road maintenance, regional LG entities experience difficulties attracting and retaining technical qualified and experienced staff. This audit found they often do not have or do not use the information they need about their roads to plan and manage maintenance effectively. Their roads are often under increasing pressure from heavy haulage and, in some places, subject to more frequent serious weather events causing significant damage that can take years and cost millions of dollars to repair. This adds to an already challenging task, often with maintenance works needing to be brought forward.

At the same time, the audit found outdated and rigid arrangements for funding local road maintenance can be barriers to LG entities accessing adequate funding and do not reflect or adapt to the diversity of both the roads and the capacity and capability of the local governments maintaining them. This means funding is directed to some local governments who may not need it while others report a widening gap in their ability to preserve their road assets.

Entities need to improve their road condition information and in turn their planning and monitoring of maintenance, but do not all currently have the skills and systems in place to do this. Encouragingly, new technologies and sharing of good practices have increased the feasibility of the required uplift. Funding arrangements that respond better to the diversity of needs and capability in regional entities would better support delivering a network of local roads that meets the needs of regional road users.

I would like to thank all audited entities and stakeholders for their contribution to this audit. The 759 road users who responded to our community survey provided personal experiences that were valuable in demonstrating how essential good roads are to regional communities. In particular, their feedback highlighted key concerns that deepened our perspective on this critically important aspect of local public service delivery.

Executive summary

Introduction

This audit assessed if regional local government entities (LG entities) effectively manage the maintenance of their local roads. We considered if entities had a structured and risk-based approach to managing their roads, including if they had appropriate information on road condition and understood the funding available to maintain roads.

We audited five regional entities: City of Greater Geraldton, Shire of Derby-West Kimberley, Shire of Dumbleyung, Shire of East Pilbara and Shire of Manjimup. We also audited the Commissioner of Main Roads WA (Main Roads) and the Department of Local Government, Industry Regulation and Safety (LGIRS). We conducted a survey of regional road users to seek community feedback. The survey received 759 responses.

Background

The sheer size of Western Australia (WA) contributes to the challenge and complexity of maintaining regional local roads which help to connect an area of 2.5 million square kilometres, a third of Australia's land area. Although only 25% of the State's population lives in regional WA, it contributes approximately 40% to the Gross State Product¹.

Regional local roads provide urban, rural and remote communities with critical access to services, hospitals, schools and the State's highways and major roads. Maintaining these roads to keep them functional and safe and prevent costly, unbudgeted repairs, is essential. Many roads have seen increases in traffic and volumes of freight which can increase road wear, necessitating shorter road maintenance and renewal cycles.

LG entities in WA were established under the *District Roads Act 1871* and the *Municipal Institutions' Act 1871*. They were often called Road Boards as their primary function was to create and maintain the road network in their local areas. As motor transport increased, many could not cope with the demand for more roads. This led to the responsibility for the construction, maintenance and supervision of main and developmental roads being centralised under the Main Roads Board in 1926. Although local government has changed dramatically over the years, one of their key functions continues to be the management of local roads within their boundaries.

Regional LG entities are responsible for maintaining over 113,000 km of roads, representing more than 75% of the State's road network. These are managed by the 107 regional LG entities and less than 25% of these roads are sealed. Local roads are a significant infrastructure asset with a carrying value of over \$20 billion² reported in 2023-24.

Main Roads is responsible for the State's freeways, highways and major regional and inter-regional roads of approximately 19,000 km with a carrying value of \$65 billion³ reported in 2023-24. It also provides support to regional road groups for local roads. This support includes traffic management, signs and pavement markings, bridgeworks and inspections, and State initiatives on local roads.

The WA Local Government Association (WALGA) reported that total expenditure on local government roads was just above \$1 billion in 2023-24⁴, with around \$752 million spent on

¹ Infrastructure WA, *State Infrastructure Strategy*, Government of Western Australia, Perth, July 2022, p. 104.

² WALGA, *Local Government Road Assets and Expenditure 2023-2024*, WALGA, Perth, n.d., p. 8.

³ Main Roads WA, *2024 Annual Report*, Government of Western Australia, Perth, 2024, pp. 131-32.

⁴ WALGA, *Local Government Road Assets and Expenditure 2023-2024*, WALGA, Perth, n.d., pp.36-37.

maintenance and renewal of all local road assets. Almost half of the \$1 billion was funded from LG entities' own sources of revenue, with the other half funded from:

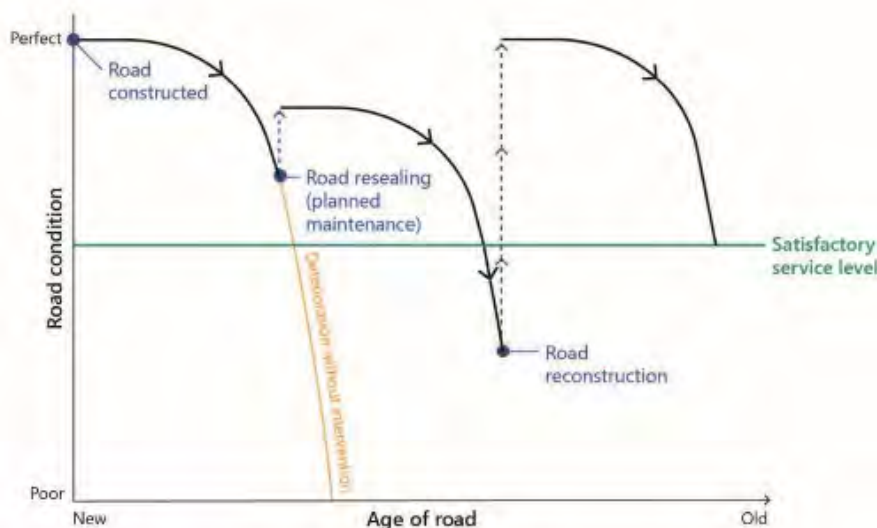
- \$253 million from the State Road Funds to Local Government Agreement 2023-24 to 2027-28 (Local Government Agreement)
- \$136 million in Financial Assistance Grants provided by the Australian Government
- other grants including Roads to Recovery, Black Spot and the Wheatbelt Secondary Freight Network funding.

Funding to individual LG entities through the Local Government Agreement and the Financial Assistance Grants is allocated using an asset preservation model. The model includes road hierarchy, usage data, and age, length and type of roads to assess what funding is needed to preserve the roads in current condition.

WALGA has consistently reported⁵ a widening gap between the amount needed to preserve local road assets in their current condition and actual expenditure, with a shortfall of \$338 million in 2023-24. WALGA also reports regional WA has the lowest asset preservation performance, the oldest roads in the State and low capacity to fund their road needs.

The Grattan Institute, an independent research body, has reported funding for local government road maintenance across Australia has not kept up with costs and that the problem is much more pronounced in regional and remote areas⁶.

To maximise the value of money spent on road maintenance, each entity needs to consider their local climate, road user needs and the condition of their roads. Roads deteriorate in stages that are influenced by traffic intensity, age and the environment, and do not show the same condition for their age. There are stages in road lifecycles where maintenance intervention can be optimised. Figure 1 shows how the condition of a sealed road deteriorates over time and the optimal road works that are required to remedy this.



Source: Victorian Auditor-General's Office: Maintaining Local Roads March 2021

Figure 1: Illustration of the life cycle of a sealed road

⁵ WALGA, *Local Government Road Assets and Expenditure 2023-2024*, WALGA, Perth, n.d., p. 15.

⁶ Marion Terrill, Natasha Bradshaw, and Dominic Jones, *Potholes and Pitfalls: How to fix local roads*, Grattan Institute, 2023, p. 6.

Each entity needs to plan road maintenance in line with service levels set in consultation with the communities they serve. LG entities achieve best value when they provide satisfactory service levels at the lowest cost over the long-term. Up-to-date condition assessment data is a key input to achieve this and determine the right mix of preventative and reactive maintenance.

Conclusion

The overall condition of the WA local government road network is not known as it is not measured or reported. This impacts road maintenance planning and means we could not reliably assess the effectiveness of maintenance across regional local roads overall, verify the scale of the backlog of maintenance that needs to be done and quantify how much it will cost to fix.

The quality of condition information that LG entities have and how effectively it is used in maintenance planning is variable. Only one of the five LG entities we audited had a current asset management plan in place for all its road assets, was able to clearly demonstrate the condition of its entire road network and could show there was a backlog of maintenance. Inconsistency in asset planning increases the risk that LG entities will struggle to prioritise repairs, assess deterioration rates and justify investment decisions or funding requests. This all contributes to reactive, short-term fixes rather than strategic long-term planning.

Local roads vary significantly and present different maintenance challenges based on type of road, size, location and weather, age, condition and usage. These roads are under increasing pressure from changing use, particularly increased heavy haulage. All of the audited entities are maintaining their roads. However, differences in the ability and capacity of regional LG entities mean they do not always have the financial and technical resources to take a structured and risk-based approach to meet these challenges. Stakeholders consistently raised with us that regional LG entities experience difficulties in recruiting and retaining technical staff, accessing contractors to do road maintenance and struggle with the capacity to meet approvals and regulatory requirements.

At the same time, funding arrangements do not effectively reflect or adapt to the diversity of both the roads and the capacity and capability of the LG entities maintaining them. The Local Government Agreement, which allocates motor vehicle licencing fees for road maintenance, is valued by the sector as it lasts for five years and provides a level of funding certainty. However, the allocation method has been consistent since 1990 and there are no criteria to demonstrate why the funds are split 80% to state roads and 20% to local roads or how the allocation relates to maintenance needs.

The asset preservation model used to allocate Financial Assistance Grants and other grant funding has not been reviewed since 1990 and does not fully reflect the needs of regional LG entities. Although the model uses updated road inventory data when provided by LG entities and adjusts regional cost for inflation, other key variables such as road condition data and capacity of LG entities to make up maintenance funding shortfalls through rates and other income is not captured. As a result, the model allocates funding to some LG entities who may not need it as urgently as others who report a widening gap in their ability to preserve their road assets.

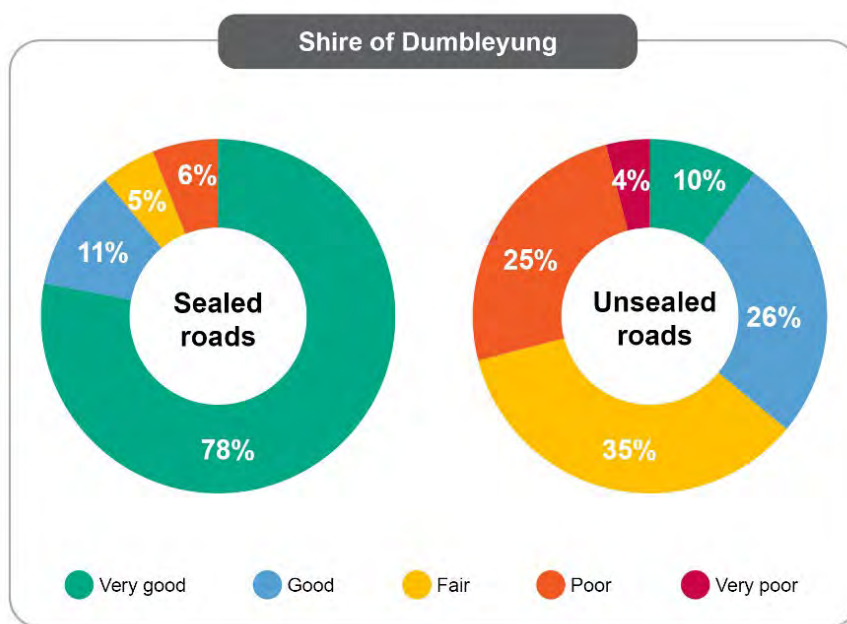
Funding arrangements need to be reviewed to ensure they respond to the diversity of need and capability in regional LG entities, support more consistent road maintenance and better roads for road users. A more systematic integration of condition data into maintenance planning is essential for good asset management. This would lead to a more proactive, cost-effective approach to road maintenance and better safeguard public assets. Many regional LG entities will need support to achieve this.

Findings

There is no consolidated picture of the overall condition of the local road network

The lack of overall condition data impacts the effectiveness and efficiency of road maintenance across WA. This is because condition data of local roads is not collectively measured or reported, and no single entity is responsible for this. As a result, we could not reliably assess how effective road maintenance is across the whole network, verify the scale of the backlog of maintenance that needs to be done and quantify how much it will cost to fix. Although Main Roads, the regional road groups and WALGA all gather some information, none of them provide a consolidated picture of road condition. The lack of condition data at a network level impacts road maintenance planning and limits strategic oversight of the effectiveness of the investment in maintaining local roads.

One hundred and seven regional LG entities are responsible for maintaining and reporting on their regional local roads. The quality and use of the audited regional LG entities' condition data also varies. The Shire of Dumbleyung was the only audited entity to identify the current condition of its sealed and unsealed roads (Figure 2) and was able to show if there was a backlog of maintenance.



Source: OAG using Shire of Dumbleyung data

Figure 2: Condition of the Shire of Dumbleyung's local road network (at 26 March 2025)

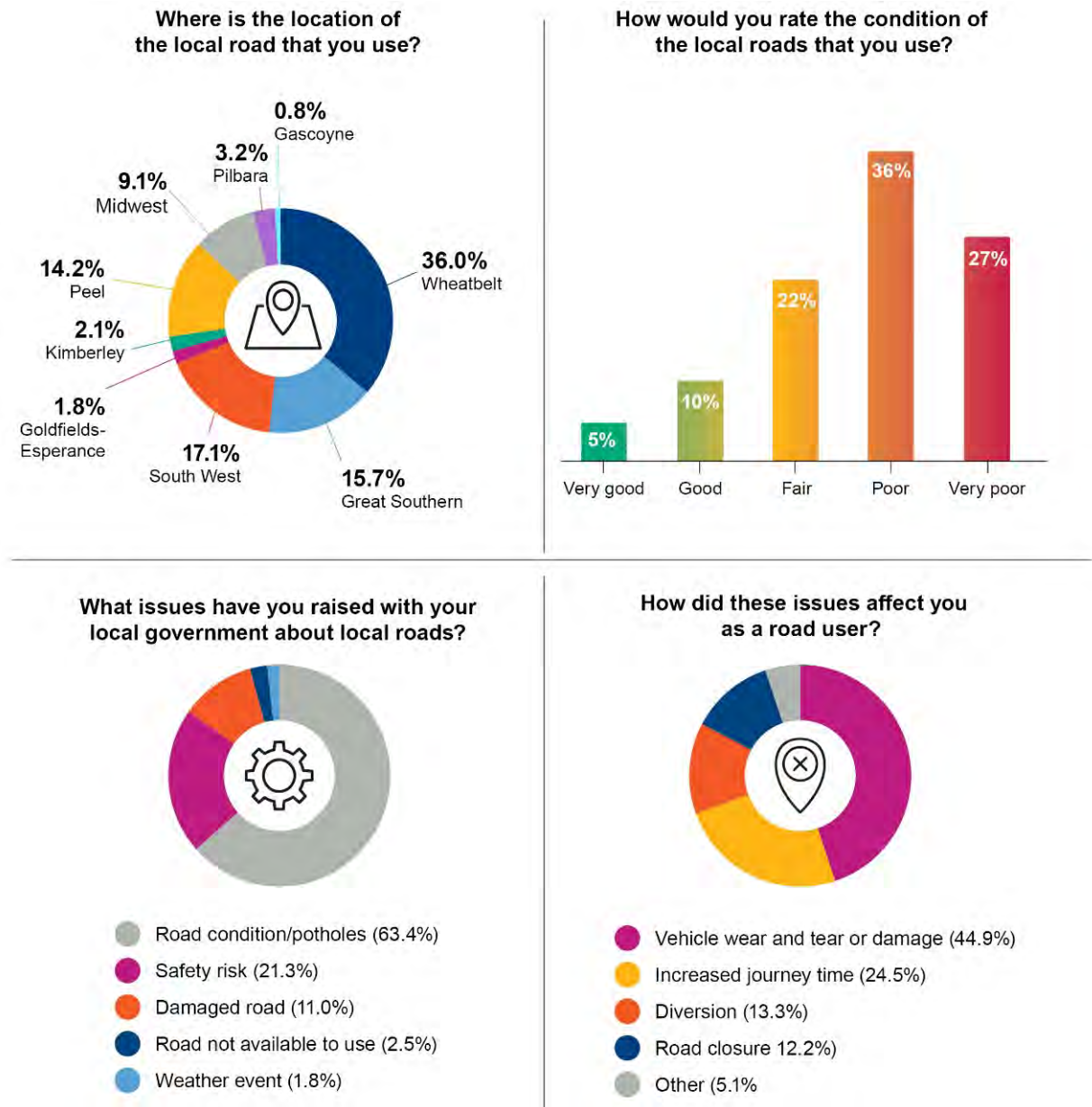
The other audited LG entities had varied levels of condition data based on assessments made at least once every five years for minimum financial reporting purposes but this information is not always in entities asset management systems and used for road maintenance. For instance, the City of Greater Geraldton's asset management system had condition information on its sealed roads but not for nearly all of its unsealed roads (over 1,000 kms making up approximately 60% of its network). All these LG entities had assigned hierarchy classifications appropriate to the function of a road and had some current condition information for some of their roads which they used to prioritise their road maintenance programs. However, they were not reporting road maintenance backlog and how their local road network is performing.

Maintaining road condition data in rural and remote areas is challenging for a range of reasons detailed later in this report. In its absence, LG entities often rely on set work programs, visible defects, and community complaints to guide maintenance. This can result in structurally poor roads being overlooked in favour of those with higher public visibility. Without reliable data, LG entities struggle to assess deterioration, prioritise repairs and justify funding needs, leading to reactive rather than preventative maintenance.

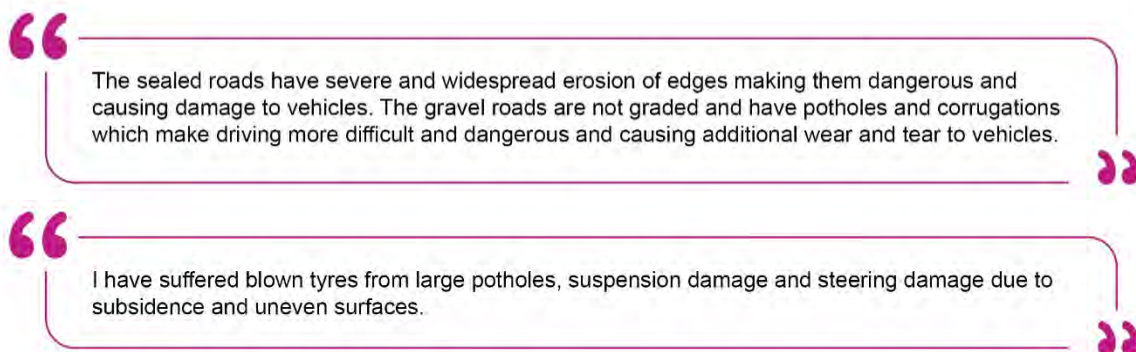
During fieldwork across five regions, we travelled thousands of kilometres on local roads and observed both well-maintained and deteriorated roads. Our observations showed a more mixed picture of regional local road conditions than WALGA reports⁷ which estimates preservation gaps based on expenditure on roads. The Report indicates that regional LG entities with low revenue raising capacity have roads more likely to be in poor condition. This was reflected in our audited entities for instance Shire of Derby-West Kimberley and the Shire of East Pilbara.

The responses to our road user survey reflected the varied condition of local roads. Thirty-seven per cent of road users rated local roads very good to fair with most users (63%) indicating road conditions were poor to very poor. Road condition and potholes were the most frequent issues raised with local governments, with these issues causing vehicle wear and tear or damage and increased journey time. Survey results are consistent with our findings and indicate a lack of preventative maintenance and a road maintenance backlog. Figures 3 and 4 show key outcomes from our survey and impact on road users, most of whom were local residents.

⁷ WALGA, *Local Government Road Assets and Expenditure 2023-2024*, WALGA, Perth, n.d., p. 16.



Source: OAG survey of regional road users

Figure 3: Key outcomes from OAG survey of regional road users

Source: OAG survey of regional road users

Figure 4: Impact on road users

Sharing local roads condition data can help align state and local planning. This would help identify what is working and where adjustments may be needed to support regions that may be falling behind or unable to maintain their roads. Support could mean adjustments in funding but may also include access to advice, expertise, resources, materials and equipment. Support that is adaptive across local and state government entities creates opportunities for continuous improvement in maintenance strategies.

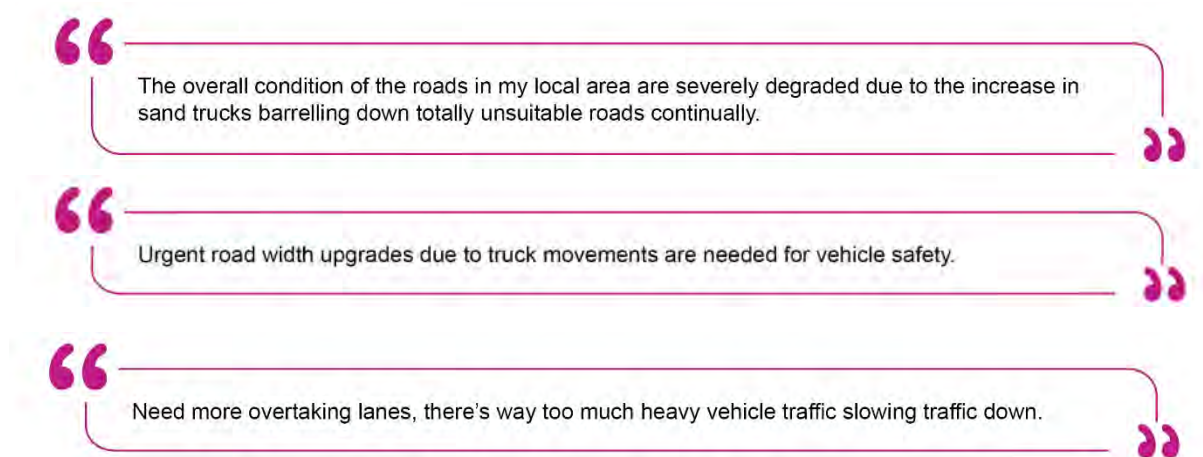
WA is not unique in not capturing condition data across road networks. We tried to compare the condition of the WA regional local government road network to other jurisdictions in Australia but were unable to do so. No state yet has a consolidated collection of local road condition information. New South Wales is the first jurisdiction reported to map its state and regional road network. This map shows their road safety star ratings under the Australian Road Assessment Program with the data collected from surveys over the past 10 years⁸. However, this does not include local government managed roads.

Regional local roads are under increasing pressure

The audited LG entities and the regional road groups we met consistently raised that increasing pressure on regional roads is making the need for road maintenance more frequent and putting financial strain on LG entities. These changes included an increase in and frequency of traffic and the growing impact of heavy haulage vehicles resulting in:

- accelerated wear on road surfaces leading to rutting, cracking and edge failures
- safety concerns particularly where there are multiple local road users and narrow winding roads
- amenity issues with noise complaints, dust and pollution and reduced quality of life
- economic strain as poor road conditions increase vehicle operating costs and time taken to travel along routes
- the risk of secondary freight routes developing, leading to trucks using roads that were not designed for this purpose.

Impact of heavy haulage vehicles were also made by regional road users through our survey (Figure 5).



Source: OAG survey of regional road users

Figure 5: Survey response highlighting increasing pressure on local roads

⁸ Transport for NSW, [NSW AusRAP map](https://www.transport.nsw.gov.au/transport/road-conditions), transport.nsw.gov.au website, n.d., accessed 6 November 2025.

Regional road groups highlighted that LG entities are trying to assess the impact of road trains and the change in use of local roads by collecting condition data and recording traffic counts. This information, once collected, can inform LGIRS in the allocation of grant funding to local governments. However, the collection and submission of traffic count data is not consistent. More than half of regional LG entities have not provided this data to LGIRS. This included two of our audited LG entities, the Shire of East Pilbara and the Shire of Derby-West Kimberley. The information for these LG entities in the asset preservation model is therefore incomplete and they may be missing out on funding that could improve road conditions for their communities.

Examples of where road usage information has assisted LG entities include:

- The City of Greater Geraldton accessing more Financial Assistance Grant funding by providing traffic count data to LGIRS on some of its local roads, including 37 kms of the Tardun-Pindar Road. During peak harvest season (December 2024) the equivalent average annual daily traffic (EQAADT) count saw an increase of 374% (73 to 346) of heavy haulage traffic. This saw this road deteriorate more quickly due to heavy haulage vehicles.
- The Shire of Dumbleyung, along with other LG entities in the Wheatbelt also used road usage information to secure additional Wheatbelt Secondary Freight network funding.

Differences in capability and capacity means not all LG entities are effectively maintaining their roads

The quality of road maintenance planning varies between LG entities which affects their ability to deliver road maintenance

The Shire of Dumbleyung was the only audited entity to have implemented an effective road strategy that defined its maintenance needs using condition data and levels of service to determine the life cycle of its road network. The other four audited LG entities did not have up-to-date asset management strategies and plans, limiting their ability to plan and deliver maintenance programs. The City of Greater Geraldton's plan was last updated 15 years ago, with two other LG entities not updating their road maintenance plans for over five years. This increases the risk of these entities relying on reactive maintenance and not always considering whole of life asset maintenance. This may save local governments money in the short term but will be more expensive and less effective in the long term.

There are opportunities for LG entities to learn from each other, identify better practice and help establish effective asset management throughout the sector. The Shire of Dumbleyung demonstrates having up to date strategies and plans can help shift road maintenance from operational or reactive to more effective asset management, linking maintenance needs to funding, labour and resources. The Shire's road strategy details the short, medium and long term planning of its road maintenance program (see Case study 1).

Case study 1: Shire of Dumbleyung demonstrates better practice in its management of local road maintenance

The Shire of Dumbleyung is in the Wheatbelt region of WA, 275 kms southeast of Perth. The Shire covers 2,540 square kilometres and had a reported population of 693 people in 2023-24. The main economies in the area are agriculture, livestock production, and tourism.

The local government is responsible for the maintenance of 990 kms of local roads (Figure 6), 244 kms of them are sealed and 746 kms are unsealed. The local road network is relatively small and compact and the Shire's climate is relatively benign (warm summers and mild winters with few extreme weather events).



Source: OAG

Figure 6: Local roads in the Shire of Dumbleyung

In July 2024 the Shire established a roads strategy that is supported by operations management manuals for both its sealed and unsealed roads (Figure 7) and an asset management model. The model uses condition data and the life cycle of a road to apply an annual deterioration component to each road segment. When the segment is predicted to reach an unacceptable condition, the program automatically applies remedial works.

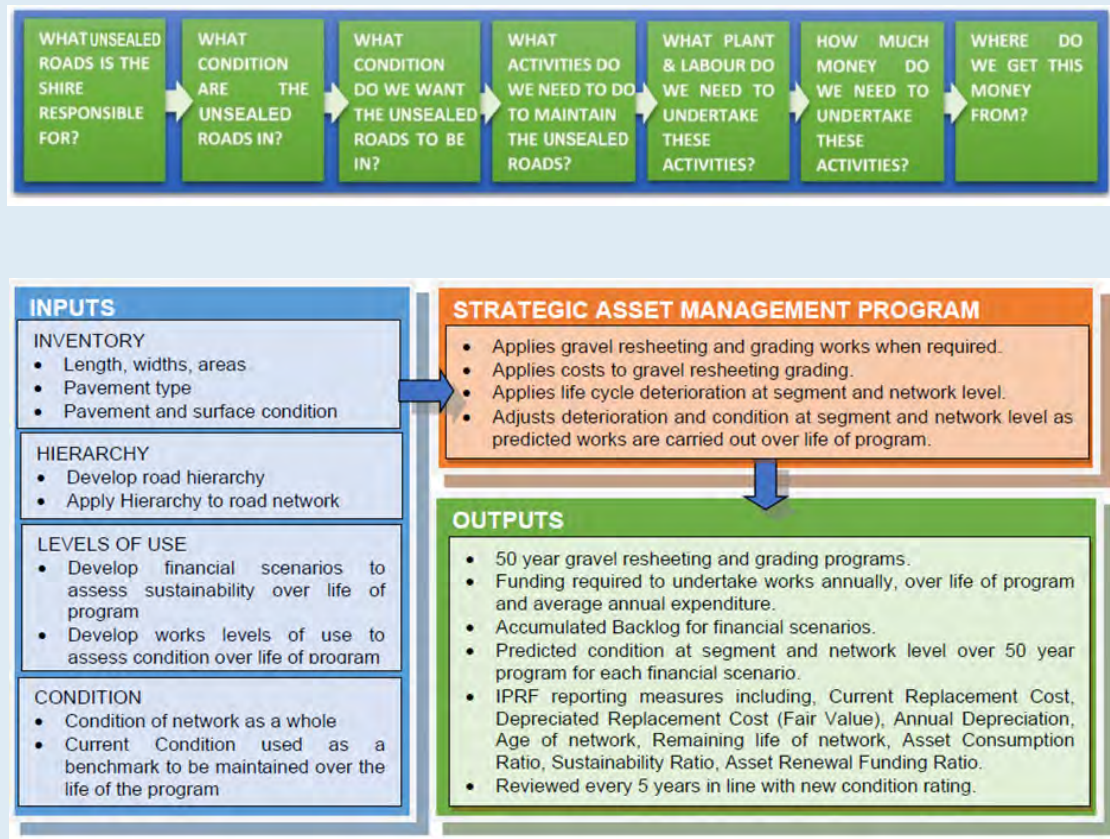
This allows the Shire to implement a preventative road maintenance strategy and the ability to report on its road maintenance backlog.



Source: Shire of Dumbleyung

Figure 7: Shire of Dumbleyung Roads Strategy for sealed and unsealed roads

Below are extracts from the Shire's unsealed roads strategy that highlight its ability to manage its roads and link funding sources, labour, equipment and materials (Figure 8). Its process of strategic asset modelling for unsealed roads includes the key steps detailed below. Its strategy for sealed roads follows the same principles (adjusted to reflect a sealed road).



Source: Shire of Dumblyung

Figure 8: Shire of Dumblyung unsealed roads strategy

The regional road network is vast and varied and each local government's roads present different maintenance requirements

The type and size of local roads adds to the complexity of implementing effective road maintenance strategies. The audited entities' roads vary in type and length from 990 to 3,000 kms (Table 1). For example, the Shire of Dumblyung, a small local government with a compact network and limited exposure to extreme weather, was better positioned to manage both sealed and unsealed roads. In contrast, entities like the Shire of Derby-West Kimberley and the Shire of East Pilbara have different maintenance challenges. They are required to maintain roads over vast distances, in more remote locations and with potentially limited periods of time to get work done because of seasonal weather patterns. The Shire of East Pilbara is the largest in Australia covering 371,244 square kilometres (larger than the state of Victoria).

	Built up areas asphalt seal (kms)	Built up areas sprayed seal (kms)	Sealed roads outside built up areas (kms)	Gravel roads (kms)	Formed roads (kms)	Unformed roads (kms)	Total road network (kms)
City of Greater Geraldton	136	155	532	967	202	93	2,085
Shire of Derby-West Kimberley	0	43	58	454	766	418	1,739
Shire of Dumbleyung	0	7	237	659	84	3	990
Shire of East Pilbara	37	19	176	1,535	951	408	3,126
Shire of Manjimup	15	54	457	699	65	19	1,309

Source: OAG using WALGA reported information

Table 1: Type and length of local road network at each of the audited LG entities

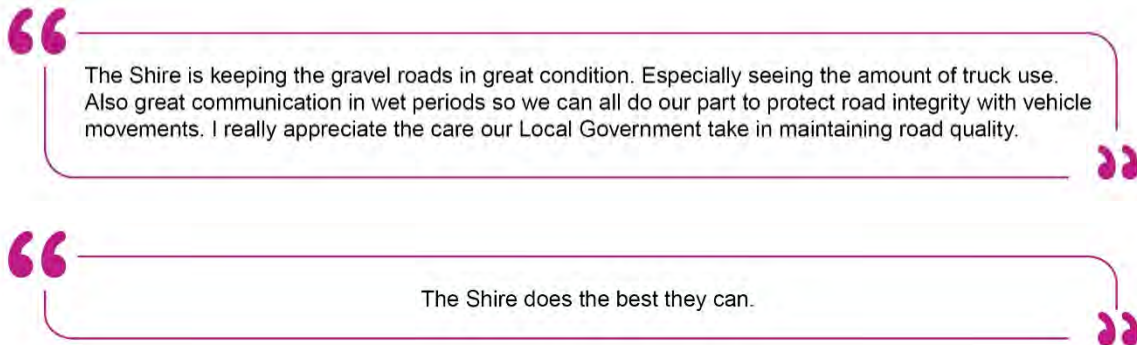
All of the audited entities understand and are maintaining their roads (Figures 9 and 10) however, they have implemented different ways to do this reflecting local environments. In setting work programs and strategies, audited entities consider priorities and how to best achieve value for money while respecting budget constraints. They also factor in the types of roads and road related infrastructure needing to be maintained, their road hierarchy criteria and how to address challenges faced by their road network:

- three of the entities maintain both their sealed and unsealed roads using a combination of internal and external resources
- the Shire of East Pilbara's strategy focuses on a reactive maintenance program for its unsealed roads. This is largely due to the size of its network, impact of weather and staffing and contractor challenges
- the Shire of Derby-West Kimberley has an alternate strategy where it outsources its road maintenance.



Source: OAG

Figure 9: Maintenance of regional local roads



Source: OAG survey of regional road users

Figure 10: Survey responses recognising regional LG entities maintenance of local roads

Regional LG entities can struggle to access skilled staff, resources and materials which can impact delivery of local road maintenance

Regional LG entities operating in already challenging remote environments are further constrained in their ability to manage their road assets and deliver effective road maintenance. Discussion with regional road groups identified common constraints that disproportionately affect regional LG entities. These include recruitment and retention of skilled staff, challenges in accessing materials, meeting regulatory requirements and

inflationary pressures. These can negatively impact the delivery of road maintenance, lead to significant delays and increase the cost of maintenance.

It can be difficult to recruit experienced asset managers, infrastructure directors, road managers and engineers in remote areas where everyone is vying for the same resources (Figure 11). The Shire of East Pilbara advised the ability for them to perform their road maintenance is dependent on access to skilled drivers to grade their unsealed roads, otherwise works stop.



Source: OAG

Figure 11: Key staff in the Shire of Derby-West Kimberley, Shire of East Pilbara and City of Greater Geraldton

A reliance on key staff increases the risk that built-up knowledge of road networks will be lost when staff turnover occurs. To compensate for this, LG entities need up-to-date documented asset strategies, maintenance plans, procedures and asset management systems, which not all the LG entities have. Since we visited the five audited LG entities, experienced staff including an Infrastructure Director and a Manager Maintenance Operations from two entities have moved on.

Access to materials and meeting regulatory requirements impacts and delays road maintenance. In the Shire of East Pilbara, access to materials and water is a key inhibitor which can delay work even if funding is available. We were also told by regional road groups, and in our survey (Figure 12), that environmental, native title and utility approvals for local road projects often take 12 to 18 months, or longer. This can delay road projects and may impact LG entities' ability to spend allocated funds.

“ Council does well with the resources available but is hampered by clearing legislation requirements. ”

Source: OAG survey of regional road users

Figure 12: Survey response highlighting impact of regulatory requirements

The cost of road maintenance has increased however not all funding has kept up with inflation. WALGA reported⁹ based on Australian Bureau of Statistics, that the average increase in road maintenance costs across the State since 2018-19 was more than 55%. Some LG entities with small rate bases have limited scope to increase their own source funding to match increasing maintenance costs. This has required LG entities to make decisions prioritising some roads over others and has led to some roads in remote areas with low traffic volumes being orphaned and not maintained.

We travelled on sections of local roads accessing Indigenous and remote communities that were in a poor condition. In the Shire of Derby-West Kimberley over 500 kms of public access gravel roads to Indigenous communities were not being maintained by the Shire. The Shire stopped maintaining these roads between 2003-05, once Australian government funding to maintain these roads ceased, despite receiving \$1.4 million in 2023-24 for remote Aboriginal community access roads as part of its Local Government Agreement funding. This may not be transparent to the Shire as funding is aggregated. This may have far reaching consequences, limiting people's access to emergency services, healthcare and other basic services. Poor road conditions also increase wear and tear on vehicles, raising the risk of breakdowns and accidents.

Some roads may not be fit for purpose or not be built to accommodate the weather. We saw in the Shire of East Pilbara waterway crossings that were impassable and roads that were washed away. This physically and socially isolates communities that use these roads. Case study 2 highlights the challenges facing the Shire of East Pilbara where we saw local roads that cannot cope with annual rainfall and evidence of damage caused by a recent severe weather event. Case study 3 highlights some of the challenges the Shire of Derby-West Kimberley has experienced in recent years.

⁹ WALGA, *Local Government Road Assets and Expenditure 2023-2024*, WALGA, Perth, n.d., p. 36.

Case study 2: Shire of East Pilbara

The Pilbara is characterised by very hot summers, mild winters and low and variable rainfall. Rainfall in the eastern Pilbara is influenced by tropical and monsoonal drivers, which are predominantly active in summer and autumn.

We visited the Shire in January 2025 and saw many sections of roads that were damaged by surface water and in very poor condition due to heavy rains. Some roads were closed. This highlights the challenge this Shire faces and questions whether some of the roads and supporting infrastructure (bridges, flood ways and culverts) are fit for purpose and built to accommodate the climate and topography of the region. The audit team took these pictures during their visit (Figure 13).



Source: OAG

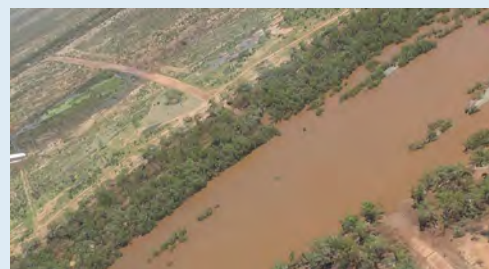
Figure 13: Damaged roads in the Shire of East Pilbara

In February 2025 (three weeks after we visited the Shire) ex-tropical cyclone Zelia caused additional damage to the roads. The pictures below were sourced from the Shire (Figure 14).

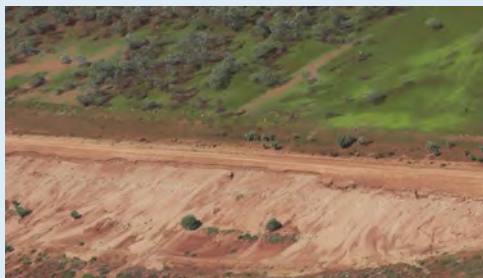
Hillside - Marble Bar Road (severe washout)



Goldsworthy Road with De Grey River flooded



Muccan Shay Gap Road



Warrawagine Road



Source: Shire of East Pilbara

Figure 14: Impact of cyclone Zelia on Shire of East Pilbara local roads

Case study 3: Shire of Derby-West Kimberley

The Shire of Derby-West Kimberley has experienced four significant rainfall events in the last four years, over and above the routine wet season rains, including ex-tropical cyclone Ellie in January 2023. These have caused additional damage to the Shire's road network. The Shire has estimated the cost of reinstatement works required is over \$18 million.

Although the Shire has qualified for funding under the disaster recovery funding arrangements, we saw roads where the damage had not been repaired and continued to impact communities that use these roads.



Source: OAG

Figure 15: Gee Gully Bridge in the Shire of Derby-West Kimberley

For example, parts of Gee Gully Bridge were washed away in January 2023. We took this picture (Figure 15) during our visit in February 2025. At the time of this report, funding to repair the Gee Gully Road floodway had not been received, with the outcomes of submissions made unknown. Due to the wet season and procurement requirements, works cannot commence before April–May 2026, even if funding was immediately available.

LG entities advised the process for applying for disaster relief funding is time consuming and complex. Evidence must be submitted showing the condition of the asset before and after the disaster event. The burden of proof resides with the LG entity.

Disaster relief funding is paid on reimbursement. LG entities usually fund the repairs themselves while waiting on relief funds.

This money can only be used to restore assets to the condition they were before the emergency event. The Shire of Derby-West Kimberley is applying for federal government Betterment Funding, to help them improve the standard of the Gee Gully Bridge, so that it is able to withstand future flooding events.

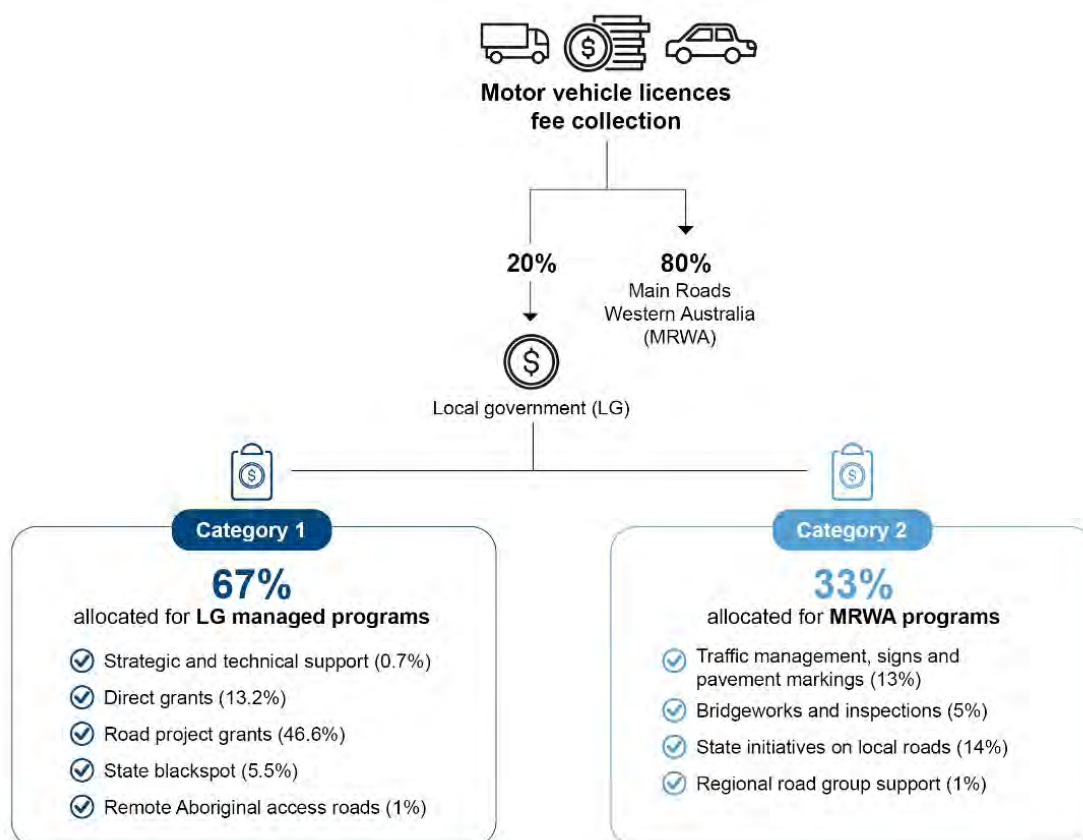
Outdated and rigid funding arrangements can be barriers to regional LG entities accessing adequate road maintenance funding

Funding arrangements do not reflect or adapt to the diversity of both the roads and the capacity and capability of the local governments maintaining them. This has resulted in funding being directed to some local governments who may not need it while others report a widening gap in their ability to preserve their road assets. Many regional LG entities have limited capacity to fund any shortfalls for road maintenance.

There are no criteria to show how the distribution of motor vehicle licence fees reflects local road maintenance needs

LG entities may not receive the funding they need because there are no criteria to support the 80/20 allocation of funding between the state and local government roads. Without criteria we cannot tell if funding effectively reflects local road maintenance needs. WALGA, Main Roads and the audited LG entities advised us that they welcome the Local Government Agreement because it provides certainty over how much overall funding will be available for local roads over the five-year term of the agreement.

Not all of the 20% (\$253 million in 2023-24) was allocated to LG entities for the improvement and maintenance of the local government road network. Figure 16 shows the Local Government Agreement funding is broken down into two categories, with 67% allocated to local government managed programs (Category 1) and 33% to Main Roads managed programs also used for improving and maintaining local roads (Category 2).



Source: OAG using information in the Local Government Agreement

Figure 16: Funding arrangement within the Local Government Agreement

Direct grants, which all regional LG entities are guaranteed to receive, make up less than 10% of budgeted motor vehicle licence fees. The rest of the funding available through the Local Government Agreement is distributed through road project grants which are subject to eligibility criteria. Regional road groups work with LG entities in their region to assign funding where criteria, including the requirement to self-fund one third of project cost can be met and works can be prioritised. Even if an LG entity has secured the grant, a project may not go ahead in the required timeframe because matching funds may no longer be available. This can mean priority projects are not implemented as planned.

More funding for local roads would be available if the Local Government Agreement was based on actual rather than budgeted motor vehicle licence fees. The five-year agreement specifies budgeted motor vehicle licence fees and the current allocation is in accordance with that. However, over a 10-year period actual motor vehicle license fees were consistently above budgeted amounts, to a total of \$205 million that could have been added to the pool of road maintenance funding available for both state and local roads. This would have made an extra \$41 million available to local governments based on the 80/20 split (see Table 2). The difference between budgeted and actual licence fees is currently being retained by Main Roads in the Metronet and Westport Special Purpose account.

Year	Budgeted motor vehicle licence fees \$'000	Actual motor vehicle licence fees \$'000	Variance \$'000
2023-24	1,262,972	1,293,002	30,030
2022-23	1,169,227	1,204,720	35,493
2021-22	1,090,188	1,120,357	30,169
2020-21	1,010,449	1,047,950	37,501
2019-20	980,044	997,191	17,147
2018-19	911,322	948,835	37,513
2017-18	873,660	894,449	20,789
2016-17	862,526	842,743	-19,783
2015-16	833,362	831,148	-2,214
2014-15	788,201	806,618	18,417
Total variance 2014-15 to 2023-24			205,062

Source: OAG using State Budget papers

Table 2: Variance between budgeted and actual motor vehicle license fees 2014-15 to 2023-24

The asset preservation model does not effectively reflect local road needs because it is outdated and does not capture all relevant information

The asset preservation model used in distributing Financial Assistance Grant funding and direct grants under the Local Government Agreement is not fully effective in meeting regional LG entities maintenance needs. The model, which was implemented in 1990, does not take into consideration road condition data and the ability of LG entities to fund their road maintenance activities. These are all factors which determine road maintenance needs. Because the model does not include them this can result in funding not being directed to the local governments with the highest or most pressing maintenance needs.

Two of the audited LG entities estimated funding shortfalls. In 2024 the Shire of East Pilbara estimated it needed an extra \$196 million to fund its road maintenance backlog. In 2021 the Shire of Derby-West Kimberley also estimated that it needed an additional \$78.3 million. These estimates of maintenance backlog exclude funding requirements to reconstruct roads damaged by flooding events and demonstrate that funding does not meet the needs of these

two Shires or that available money has not been spent on road maintenance. We saw many roads in these two shires which were in a very poor condition.

Not all LG entities are able to self-fund their road maintenance activities. Many regional LG entities have a limited rate base to draw on. Where LG entities have limited ability to self-fund they are more reliant on grant funding. However, these differences are not reflected in the asset preservation model used to distribute Financial Assistance and Local Government Agreement grant funding.

For instance, the City of Greater Geraldton has a higher population and rate base to help fund a smaller sized network than Shire of Derby-West Kimberley with a smaller rate base to maintain a much larger road network. This means in the City of Greater Geraldton there are 19.9 people for every kilometre of local roads while in the Shire of Derby-West Kimberley there are 4.8 people per kilometre. Table 3 highlights the different sizes, populations and revenue between the five audited LG entities.

	Size (km ²)	Population	Length of local roads (km)	People for every kilometre of local roads	Revenue 2022-23 (000's)	Rates 2022-23 (000's)
City of Greater Geraldton	9,889	41,515	2,085	19.9	\$92,365	\$50,145
Shire of Derby-West Kimberley	119,842	8,410	1,739	4.8	\$27,239	\$8,669
Shire of Dumbleyung	2,541	693	990	0.7	\$5,989	\$1,932
Shire of East Pilbara	371,244	10,311	3,126	3.3	\$72,691	\$28,389
Shire of Manjimup	7,026	9,412	1,309	7.2	\$26,889	\$10,550

Source: OAG using WALGA, LGIR and local government information

Table 3: Preservation needs demonstrating some of the differences between the five audited LG entities

Because of gaps in the information used in the model, its predictions of LG entities road maintenance needs may not be wholly accurate. However, the asset preservation model is the only assessment of whether LG entities are able to fund their predicted maintenance needs. Using the model, WALGA reports¹⁰ a widening gap in local government's ability to preserve their road assets. Based on their report, metropolitan LG entities were spending more than the amount required to preserve their road assets. At the same time regional LG entities reported their expenditure on roads was not enough to meet their road preservation needs. Table 4 shows the asset preservation need is greatest for regional LG entities, with the asset preservation gap at 44.7%, demonstrating funding is not matching the predicted needs of the regional LG entities.

¹⁰ WALGA, *Local Government Road Assets and Expenditure 2023-2024*, WALGA, Perth, n.d., p. 7.

(Appendix AAR: 10.7C)

Local government road expenditure	Metropolitan (\$M)	Regional (\$M)
Asset Preservation Need	\$281.6	\$773.5
Financial Assistance Grants (road component only)	\$36.3	\$99.7
Expenditure from own source revenues	\$203.2	\$80.5
Expenditure from other sources	\$85.2	\$247.5
Total Asset Preservation Expenditure	\$324.7	\$427.7
Asset Preservation Gap	-\$43.1	\$345.8
Asset Preservation Gap	-15.3%	44.7%

Source: OAG using WA LGGC and WALGA information

Table 4: Asset preservation gap 2023-24

Recommendations

To enable an evidence-based road asset maintenance program, LG entities should:

1. ensure road condition data is up to date and used in up-to-date asset management plans and work programs to enhance preventative road maintenance. (Some regional LG entities will need support to achieve this by the implementation timeframe or condition data over local road networks will be built over a longer timeframe.) Valuations performed by local governments to meet financial reporting requirements provide a good opportunity for LG entities to obtain enhanced baseline data.

Implementation timeframe: October 2027

Entity response: Audited LG entities support this recommendation, recognising some regional LG entities would need assistance to implement.

2. promote transparency and understanding of maintenance prioritisation decisions with stakeholders, including ratepayers by:
 - a. determining and reporting the road condition and maintenance backlog and, as part of moving to better practice, work towards:
 - b. defining service level standards for road maintenance in engagement with local communities
 - c. reporting on delivery of road maintenance against agreed service levels.

Implementation timeframe: July 2028

Entity response: Audited LG entities support this recommendation, recognising some regional LG entities would need assistance to implement.

To help LG entities in maintaining local roads, collaboration between LG entities, Main Roads, LGIRS and WALGA should be improved. These entities should:

3. use local road condition data to inform both regional and statewide road strategies to:
 - a. support evidence-based decision making to improve road asset management and ensure sustainable infrastructure outcomes for regional road users
 - b. review funding via the Local Government Agreement and use of the Asset Preservation Model to ensure it remains fit for purpose and supports sustainable road asset management
 - c. include mechanisms to measure progress against goals set for local roads.

Implementation timeframe: July 2028

Entity response: Recommendation supported.

Response from City of Greater Geraldton

The City of Greater Geraldton (the City) welcomes the comprehensive review and acknowledges the significant challenges and opportunities identified in the report. We appreciate the recognition of the complexity involved in maintaining an extensive and diverse regional road network, and the importance of robust asset management and sustainable funding models.

Progress and Commitment

The City has made substantial progress in improving the quality and coverage of its road condition data as part of our asset management maturity program and recent infrastructure revaluations. This has enabled more informed and strategic allocation of resources, supporting both preventative and reactive maintenance. We are committed to further enhancing our asset management plans, including the integration of up-to-date condition data for both sealed and unsealed roads, as recommended in the report.

Collaboration and Funding

Collaboration with Main Roads WA and participation in Regional Road Group and Black Spot funding programs have enabled the successful delivery of numerous projects. However, we echo the report's findings that current funding models and the asset preservation framework require review to better reflect the diversity of local road networks, actual road conditions, and the financial capacity of regional local governments. We strongly support the recommendation to update these models to ensure resources are directed where they are most needed, and to close the asset preservation gap identified for regional entities.

Support for Recommendations

The City fully supported the report's recommendations, particularly:

- Ensuring road condition data is current and used in asset management and maintenance planning.
- Promoting transparency in maintenance prioritisation and reporting on service levels and backlogs.
- Improving collaboration and data sharing between local governments, Main Roads and WALGA, and other stakeholders to inform statewide strategies and funding decisions.

We also note the importance of addressing workforce and resource constraints, and the need for targeted support to build technical capacity in regional areas.

Response from Shire of Derby-West Kimberley

Response to Recommendations:

- While there is merit in all three of the recommendations, not all local governments are resourced to achieve the outcomes of the recommendations.
- Assistance would be sought to achieve these goals, as in its current capacity, the Shire would not be able to achieve this while still delivering all of the core services required to be undertaken.

While the Shire welcomes a study into the maintenance of road networks in local government authority's (LGA) across the state and the funding issues that come with

these maintenance programs. It must be noted that not enough evidence had been gained to understand the staffing requirements required by each individual LGA to fully understand if any of the recommendations can be implemented.

Staff in regional and remote areas are difficult to recruit and retain, there are varied workloads on the workforce in the different locations, and noting the competency and knowledge of the staff may vary in locations as well.

One opportunity that exists is knowledge sharing between LGA's and additional information be provided to staff to assist in collection, recording and entering of data. This together with training development to increase staff knowledge and understanding in the delivery of maintenance of road networks.

The funding available to provide these maintenance programs is inadequate.

Response from Shire of Manjimup

The Shire of Manjimup would like to thank the WA Office of the Auditor General, the Western Australia Local Government Authority and Main Roads Western Australia for their time and effort in investigating and collating data associated with maintaining regional local roads. The Shire is proud to have been part of this performance audit.

Shire staff have reviewed the report and congratulate the findings, noting the identified inequities in the funding models administered by the Commonwealth and Western Australian Governments. The recommendations within the report suggesting that this is discussed and advocated for (a solution) at a State level, is strongly supported.

With regard to the recommendations proposed within the report, the Shire offers the following responses:

Recommendation 1

Strongly Support. The Shire of Manjimup see this proposal as a positive implementation to enable and enhance preventative road maintenance. Whilst works are happening in this space for the Shire, we have found that the team are faced with constraints around adequate staffing levels, expertise in regional areas, ability to recruit to regional areas due to lack of housing and services, inability to access raw materials, and general 'red tape'. Budgeting constraints and geographical rate basis also play a major role.

Recommendation 2

Supported. The Shire is interested to progress the research into road maintenance backlogs. The Shire has been working in this space over numerous years as part of its integrated planning and reporting framework through the Strategic Community Plan, Corporate Business Plan and the Annual Budget. The Shire is keen to explore models for reporting on delivery of road maintenance against agreed service levels moving forward.

Recommendation 3

Strongly Supported. The Shire will certainly advocate to these groups regarding asset management and funding. This is seen as a positive and a priority.

Response from Shire of Dumbleyung

Shire of Dumbleyung supports the main content included in the report. The Shire of Dumbleyung recommends undertaking a comprehensive road condition assessment should be the first primary data and information collection task, then follows an assessment of minimum service levels, road functionality (design standards), road hierarchy/prioritisation/use, and resourcing needs. The resourcing activity targets both

labour, plant and financing (funding) needs. Road maintenance backlog also falls out of all this work. The timeframes for report implementation should also be reviewed and extended to allow sufficient time for the LGA sector and other key stakeholders to consider report implications and to secure necessary resources to support effective delivery.

Response from Shire of East Pilbara

Recommendation 1

While we agree with recommendation 1 that updated road condition assessment data is important to have, LG's having a road network consisting of extreme extents and remoteness require a dedicated source of funding for such LG's. Road condition assessment should be externally funded or carried out by organisations such as Main Roads, WALGA, etc. with information made available to LG's free of charge. WALGA recently had a condition assessment done for LG's in the Pilbara but limited the roads included, to those on the Main Roads - Roads 2040 list. With our vast road network and the cost involved, we are unsure when we will be in a position to have the rest of over 3,000 km unsealed road network surveyed. We believe the implementation timeframe should be extended to allow for more assistance with this.

The amount of money available for grant funding to assist LG's, especially LG's that have a low rate base but that have to maintain a large road network with remote roads located as far as 24 hours drive from the nearest town/centre from which maintenance crews/contractors can operate, is insufficient. You can imagine the mobilisation/demobilisation and camping costs associated with works on these remote roads.

Recommendation 2

The Shire of East Pilbara is expected to maintain roads connecting remote Aboriginal communities and are also interstate connecting roads yet there are no rates paid by these communities and the funding allocated by the Government for preservation of these roads are totally insufficient e.g. our calculations show that the current funding amount allocated to re-sheet Aboriginal community access roads is only sufficient to re-sheet sections of these roads once every 120+ years. Expecting the communities affected by this impossible task to predict which roads should be done and when, is therefore completely unrealistic. Again, the implementation date should be extended to be met realistically.

Maintenance grading is only effective if a road has a base course that can be graded and most of the Shire of East Pilbara roads have deteriorated to the point where we are grading the sub-grade which consist of either rock outcrops, or soft fine sand, which is essentially a waste of time and money to maintenance grade.

Many of these roads have deteriorated to levels below the adjacent landscape which means these roads have become the stormwater drain instead of having a road higher than the surrounding landscape with side drains where water can run off to.

Therefore, it is our opinion that LG's in the category described above, require a separate bucket of funding allocated to such LG's specifically for these circumstances.

Recommendation 3

Calculations two years ago by the Shire shows that to re-sheet the roads that were sub-standard then, would cost \$196,000,000, the amount is now probably way over \$200M mark. In addition, the damage caused by Cyclone Zelia is estimated to be \$49M (plus \$10M for floodway construction). Evidence of the road conditions for the damaged roads

have been provided in detail yet, DFES has been reimbursing, or committed to reimburse, on average, less than 50% of the Shire's cost estimates. As a result, we have roads that are unsafe to travel on and we had to close such roads and allow access based on a permit system. This is not how a public road network should function.

Again, we are in support of having road condition assessments done, but the bottom line remains that the pot of money that Government is making available to assist remote LG's, is too small and the distribution must be based on each Shire's local circumstances, e.g. length or road network, remoteness, ratepayer base, etc.

The setback caused by Cyclone Zelia and the ongoing reluctance from DFES to reimburse the Shire to repair the damaged roads to acceptable standards, will have a major impact on road condition assessments. Also, should another cyclone or rainstorm event hit the Shire of East Pilbara road network, the network will become even more unsafe.

Response from Main Roads WA

In relation to the recommendations the following response is provided:

Recommendation 1 - This recommendation is for Local Government (LG) entities' consideration.

Recommendation 2 - This recommendation is for LG entities' consideration.

Recommendation 3 - Supported with consideration to an adjusted implementation timeframe of July 2028.

The report highlights the challenges facing regional Western Australian (WA) Local Governments recognising that maintaining a road network across a large state also presents challenges for the State Government through Main Roads WA. The provision of State funds for both local roads and state roads is a fine balance based not just on need but also delivery capacity.

The WA Government is the only Government to enter into a formal agreement with Local Government through State Road Funds to Local Government Agreement (SRFLGA) [Local Government Agreement]. This provides a structured approach to the provision of funding for both maintenance and improvements to support Local Government Road asset management. This is in the context of the SRFLGA representing 25 per cent of the overall funding used by LGs to manage their road network with the balance being 50 per cent from LG's own source revenue and 25 per cent from the Australian Government.

The SRFLGA is founded on collaboration between State and Local Governments to ensure appropriate road access management across WA.

The collaborative relationship is managed through the SRFLGA State Advisory Committee (SAC). SAC have always considered opportunities to build capacity and capability across the LG sector with funding for initiatives such as:

- Condition assessment data collection on local roads of regional significance.
- Implementing KPIs focused on road and bridge condition data collection.
- Development of harmonised Multi-Criteria Assessment for Regional Road Groups to prioritise Road Project Grant proposals from LGs.
- Review of WALGA Road Visual Condition Assessment Manual.
- Initiating a LG Transport and Roads Research and Innovation Program which includes a focus on asset management to build evidence-based capability.

- The WALGA Report on Local Government Road Assets and Expenditure - to provide asset management insights as highlighted by its use in the audit report.

The Report's call for improved collaboration is supported, and opportunities will be discussed and agreed, as appropriate, through the SAC.

Response from Department of Local Government, Industry Regulation and Safety

The Department of Local Government, Industry Regulation and Safety (LGIRS) supports the recommendations including the need for improved information on road condition and supports the adoption of new and emerging technologies across the sector to meet this need.

The report highlights some key issues the local government sector will need to address as well as issues for funding bodies, including the Western Australian Local Government Grants Commission (WALGGC).

LGIRS supports collaboration with relevant entities to extend use of road condition data to support improved road asset management outcomes. This includes, subject to the consideration of the WALGGC, reviewing funding via the asset preservation model.

LGIRS notes that the WALGGC is the primary user and custodian of the asset preservation model. This means it is for the WALGGC to examine the relevant findings of the report and consider a way forward for the asset preservation model. This will include whether it is appropriate to incorporate existing road condition data into the asset preservation model, particularly with consideration to the legislative constructs it operates within.

While collaboration with other entities to progress this recommendation is achievable in the suggested implementation timeline (December 2026), it is noted that realistically, it will take more time for local governments to develop the capacity to maintain road condition data and for the data to be made available for the WALGGC to use in the asset preservation model.

Existing relationships already exist between LGIRS (via the WALGGC), WALGA and Main Roads WA to support the allocation of Financial Assistance Grant special project funding. In addition, Main Roads WA shares local government road data with LGIRS and LGIRS and WALGA have a shared roads officer. These relationships can be leveraged to support recommendation 3.

Response from WA Local Government Association

Although there is currently no published information consolidating the condition of regional Local Government managed roads, technology developments have resulted in the cost of collecting, storing and analysing road condition information falling substantially over the past decade. This makes it increasingly feasible to objectively report on road condition and use this information to develop road maintenance plans. Collection of condition data for Regionally Significant Roads undertaken by WALGA over the past four years is intended to pilot this approach.

Skilled and available people are not widely available in regional Local Governments to analyse condition information along with other important considerations including the safety and capacity of each road segment, to develop road investment programs. Rapidly developing technologies will likely assist in undertaking these tasks in the future, but this remains an industry-wide issue to be addressed.

Road managers need to apply limited resources to routine maintenance, periodic maintenance (or renewal) and improvement works that make the network safer and / or increase capacity. Consequently, a range of data in addition to existing road condition is required to optimise the allocation of limited road funding and apply it to those projects that deliver the best outcomes for the community.

The majority of road wear is attributed to heavy vehicle traffic. Most regional roads are open to large, heavy vehicles, including those operating under mass management schemes. This impact is not comprehensively considered in regulatory decision-making regarding acceptable axle loadings and total road freight tasks.

Audit focus and scope

The objective of this audit was to assess if regional local government entities effectively manage the maintenance of their local roads. We audited five regional LG entities and included Main Roads and the LGIRS within the scope of the audit. We based our audit on the following criteria:

- Do regional local governments have appropriate information and data on the condition of the roads they own or are responsible for?
- What funding is available to regional local governments and are they accessing funding that may be available?
- Do regional local governments have a structured and risk-based process to prioritise and fix roads in poor condition?

The five local government audited entities were:

- City of Greater Geraldton
- Shire of Derby-West Kimberley
- Shire of Dumbleyung
- Shire of East Pilbara
- Shire of Manjimup.

These entities were selected considering the size and complexity of road networks and a cross section of regional local governments across WA.

As part of this audit we:

- reviewed the policies, procedures and processes relating to the maintenance of regional local government roads
- visited the five audited LG entities, interviewed relevant staff responsible for maintaining roads and travelled along and sighted thousands of kilometres of regional local government roads
- reviewed the roles and responsibilities of Main Roads and LGIRS relevant to the allocation of funds for local government road maintenance
- reviewed the State Road Funds to Local Government Agreement 2023-24 to 2027-28
- consulted the State Road Funds to Local Government Advisory Committee, eight regional road groups and WALGA as key stakeholders involved in the maintenance of local government roads
- conducted a survey of regional road users to seek community feedback. The survey received 759 responses.

We did not assess the maintenance of State highways and roads managed by Main Roads or roads and tracks in National Parks and State forests managed by the Department of Biodiversity, Conservation and Attractions.

We did not assess supporting road infrastructure such as drainage and bridges.

This was an independent performance audit, conducted under section 18 of the *Auditor General Act 2006*, in accordance with Australian Standard on Assurance Engagements

ASAE 3500 Performance Engagements. We complied with the independence and other ethical requirements related to assurance engagements. Performance audits focus primarily on the effective management and operations of entity programs and activities. The approximate cost of undertaking the audit and reporting was \$551,000.

Auditor General's 2025-26 reports

Number	Title	Date tabled
3	Maintaining Regional Local Roads	12 November 2025
2	Gold Corporation – Trade Applications	29 October 2025
1	Management of Housing Maintenance Information	6 August 2025

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