



APPENDICES

AUDIT & RISK COMMITTEE MEETING

To Be Held

Wednesday, 11th June 2025

Commencing at 2.00pm

At

Shire of Dardanup
ADMINISTRATION CENTRE EATON
1 Council Drive - EATON

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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.



Report 11: 2024-25 | 11 April 2025

INFORMATION SYSTEMS AUDIT RESULTS

Local Government 2023-24



**Office of the Auditor General
for Western Australia**

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We can deliver this report in an alternative format for
those with visual impairment.

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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

**Local Government 2023-24 –
Information Systems Audit Results**

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**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

LOCAL GOVERNMENT 2023-24 – Information Systems Audit Results

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

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.

This is our sixth report on the findings from our audits of local government entities' information technology general computer controls.

I wish to acknowledge the entities' staff for their cooperation with this audit.

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

Caroline Spencer
Auditor General
11 April 2025

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Auditor General's overview

Local government entities (entities) rely on information systems and technology to help deliver services to the public and prepare their financial information. As Australia is one of the most targeted¹ countries through cyber attacks, it is important entities manage risks, beyond the purely operational, to protect the confidentiality, integrity and availability of their systems and information. This includes safeguarding personal information the public shares with entities like when paying rates, joining the local library and applying for a home building permit.



Each year, as part of our annual financial audit program, my office and our contract audit firms assess entities' general computer controls to determine if information and key systems are appropriately protected. My office also conducts in-depth capability maturity assessments at a sample of entities to obtain a more detailed understanding of the sector's maturity.

Our work shows 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. This year we also saw improvement in our capability maturity assessments at 11 entities. This is a welcome result from the work entities have done over the years to address our audit findings.

However, like previous years, the five categories that relate to information and cyber security controls (Figure 1) continue to be of high concern. Nearly 70% of our findings relate to weaknesses in these categories, which increase the likelihood of security breaches. Entities need to implement robust controls to safeguard against a range of internal and external threats.

This report includes important case studies that clearly illustrate the types of risks and what entities should and should not do. I encourage all entities to learn from the case studies to implement fit for purpose controls many of which do not require expensive technology investments.

¹ Insurance Business, [Ransomware hits record high. Australia among top targets](#), IB, March 2025.

2023-24 at a glance

Auditing local government entities

(Prior year shown in brackets)



360 general computer controls findings at 89 entities
(PY: 473 at 76 entities)



7.5% (PY: 12%) significant findings – half of these were unresolved issues from prior years

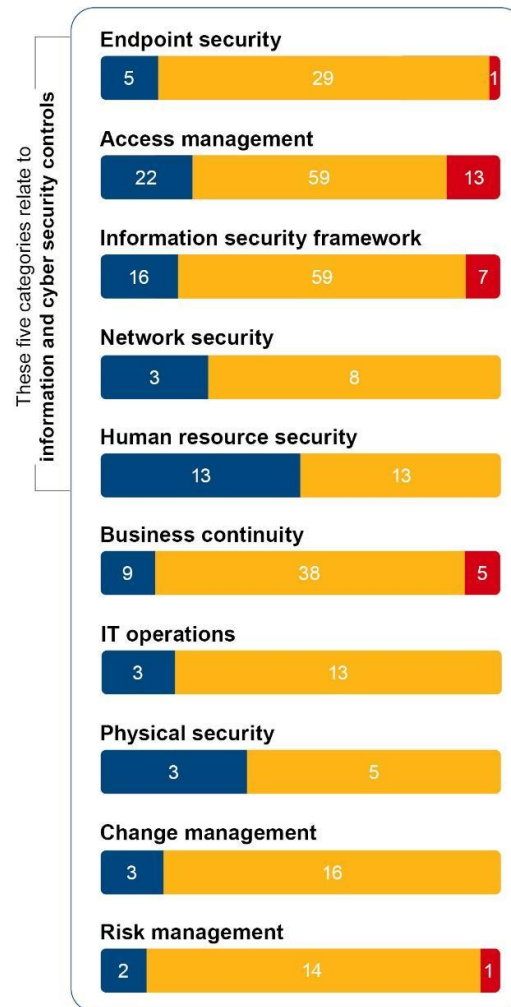
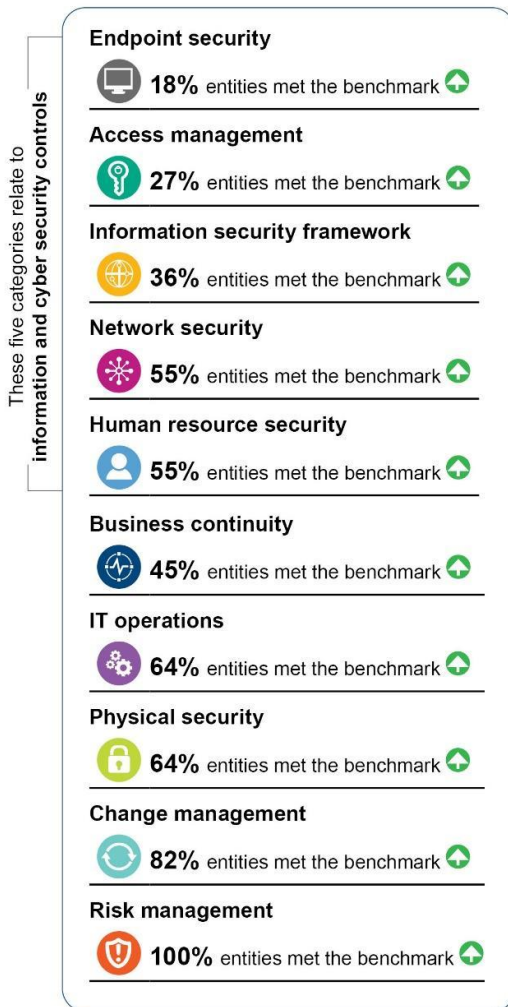


11 capability maturity assessments
(PY: 11)



Snapshot of capability maturity assessments

Snapshot of general computer controls findings



↑ Improved since prior year

Introduction

This is our sixth report on the audits of local government entities' (entities) general computer controls (GCC). The objective of our audits is to determine if entities' computer controls effectively support the integrity, confidentiality and availability of information systems used to process and maintain their financial information. The Australian auditing standards² require auditors to gain an understanding of entities' IT environment and related risks including cyber security³ risks.

As a result of the procedures required in our financial audits, in 2023-24 we reported GCC findings to 89⁴ entities. We also provided 11 of these entities with a more in-depth capability maturity assessment. These assessments look at how well-developed and capable entities' established IT controls are across our 10 audit categories (Figure 1).

We have not named the audited entities in this report to avoid increasing their exposure to cyber threats.

Our audits incorporate recognised industry better practices such as ISO 27002⁵ and the Australian Signals Directorate's *Strategies to mitigate cybersecurity incidents*⁶ which include the Essential Eight. They also consider entities':

- business objectives
- level of reliance on IT
- complexity of computer systems
- data and information.

² Auditing and Assurance Standards Board, [Auditing Standard ASA 315 Identifying and Assessing the Risks of Material Misstatement](#), AUASB, February 2020.

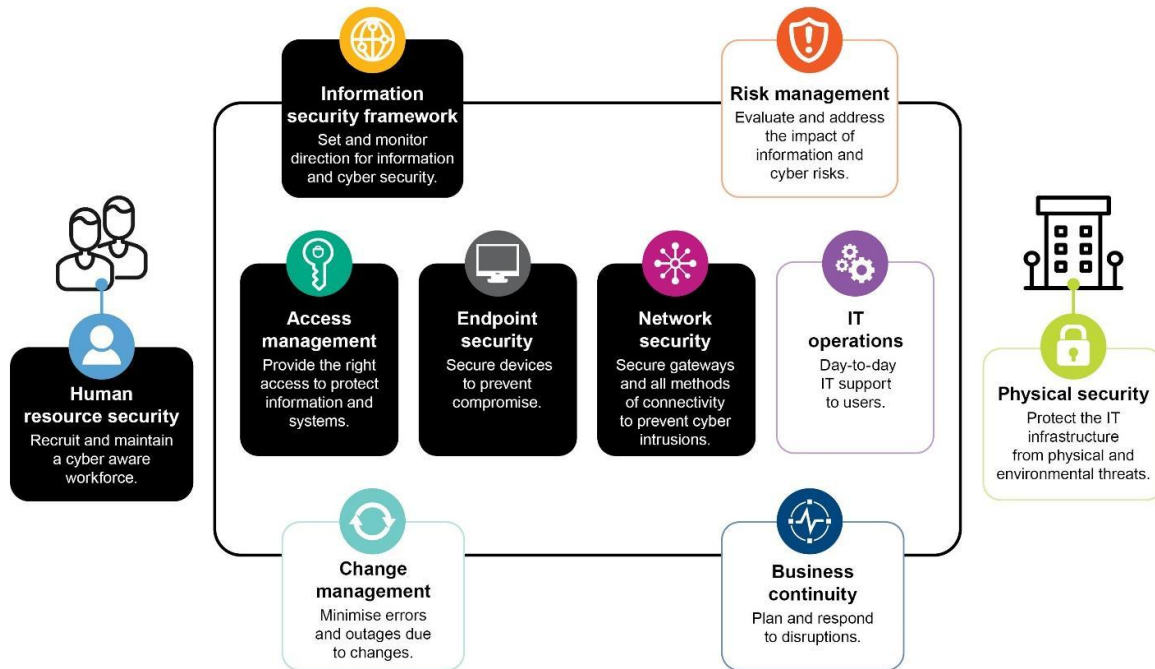
³ Auditing and Assurance Standards Board, [The Consideration of Cyber Security Risks in an Audit of a Financial Report](#), AUASB, May 2021.

⁴ Entities issued with GCC findings at 12 March 2025.

⁵ ISO/IEC 27002:2022, *Information security, cybersecurity and privacy protection – information security controls*, 2022.

⁶ Australian Signals Directorate, [Strategies to mitigate cybersecurity incidents](#), ACSC website, accessed 10 March 2025.

Our audits focus on 10 control categories (Figure 1).



Source: OAG

Note: shaded categories relate to information and cyber security.

Figure 1: Audited control categories

Conclusion

There was considerable improvement across the sector this year. We reported 360 control findings to 89 entities in 2023-24, compared to 473 findings to 76 entities the year before.

Our capability maturity assessments at 11 entities also show a notable improvement in all controls categories in 2023-24. It is the first year all 11 entities met our capability maturity benchmark for risk management, and we also saw a significant increase in the number of entities that met the benchmark for human resource security.

While the total number of findings and those rated as significant in 2023-24 both reduced, concerningly half of the significant findings remain unresolved from prior years. Unresolved findings increase the likelihood of compromise to the integrity, confidentiality and availability of entities' IT environments and business systems and should be addressed as a priority.

Information and cyber security remain of high concern with nearly 70% of our findings in the five related control categories. Of particular concern, 20 of this year's 27 significant findings related to weak or missing access management and information security framework controls. Entities should refer to the recommendations in this report and our office's *Digital Identity and Access Management – Better Practice Guide*⁷ to help address weaknesses.

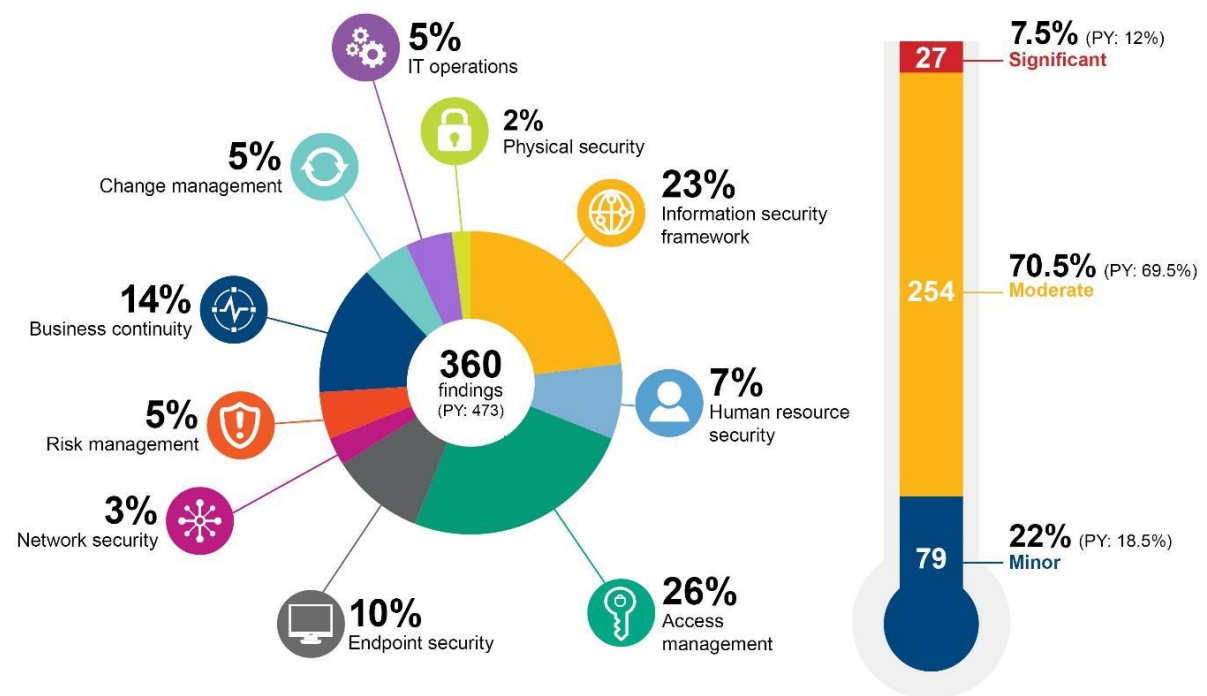
⁷ Office of the Auditor General, [Digital Identity and Access Management – Better Practice Guide](#), OAG website, 28 March 2024, accessed 26 March 2025.

What we found: General computer controls

We reported 360 information system weaknesses to 89 entities: 27 were rated significant, 254 moderate and 79 minor (Figure 2). We provided detailed findings and recommendations to each entity.

Significant findings reduced to 7.5% this year compared to 12% the prior year. However, half of these significant weaknesses were unresolved prior year findings. Most findings (70.5%) were rated moderate and should be promptly addressed because, when combined, they increase an entity's overall exposure to cyber threats.

We have included case studies throughout this report to highlight how poor controls can impact the integrity, confidentiality and availability of entities' systems.



Source: OAG

Figure 2: Ratings and distribution of GCC findings

What we found: Capability assessments

We performed capability maturity assessments at 11 entities. We assessed entities' capability maturity levels across the 10 categories using a 0-5 rating scale⁸ (Figure 3). To meet our benchmark, entities needed to reach maturity level three ('defined') or better.

In 2021-22, we updated our control categories, separating information and cyber security into five categories, to increase understanding, transparency and guidance to entities around these important areas. As such, our results for five of the 10 categories only compare data from the last three years.

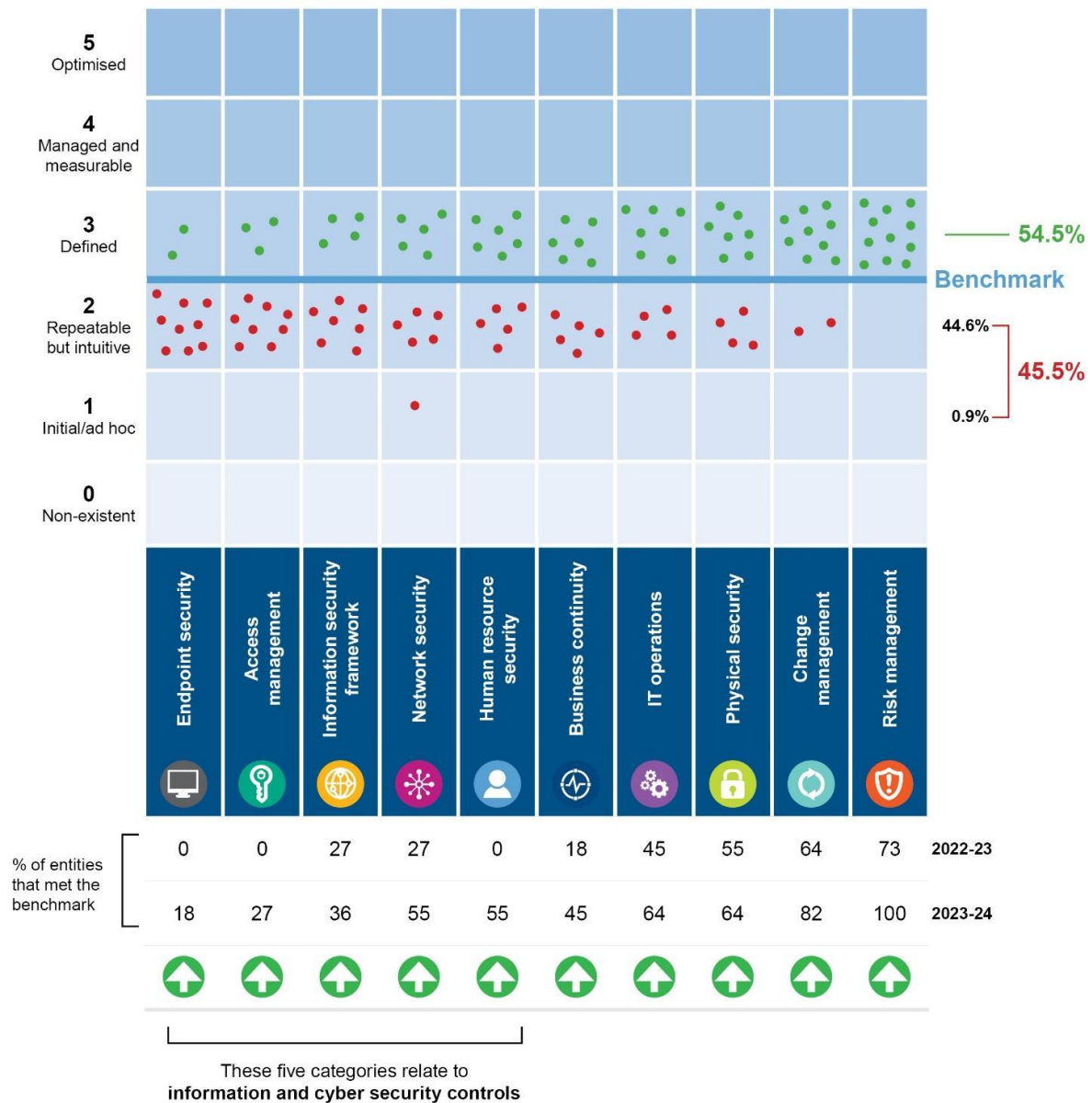


Source: OAG

Figure 3: Rating scale and criteria

We are pleased to report improvement across all 10 categories for 2023-24 (Figure 4). However, endpoint security, access management and information security framework remain areas of significant concern with few entities meeting our benchmark.

⁸ The information within this maturity model assessment is derived from the criteria defined within COBIT 2019, released in 2018 by ISACA.



Source: OAG

Figure 4: Capability maturity assessment results

As entities increasingly adopt cloud and digital technologies, they must address the evolving cyber security threat landscape. It is encouraging to see entities on a journey to implement better practice cyber security controls, including the Australian Signals Directorate's Essential Eight⁹. These controls help protect sensitive information and systems against a wide range of cyber threats. By adopting practices like application control¹⁰, regular patching, multi-factor authentication and regular backups, entities can significantly improve their cyber resilience and safeguard their digital assets.

⁹ Australian Signals Directorate, [Strategies to mitigate cybersecurity incidents](#), ACSC website, accessed 10 March 2025.

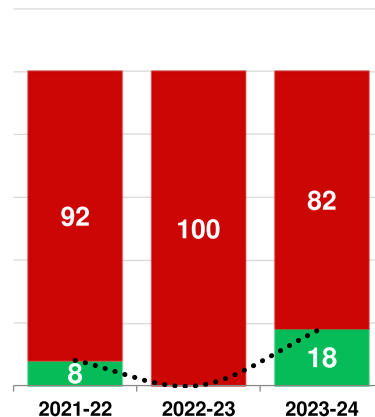
¹⁰ Application control prevents the execution of unapproved programs and scripts.

1. Endpoint security

Entities have gradually improved their endpoint security controls but much more work is needed as only two of the 11 entities met the capability maturity benchmark.

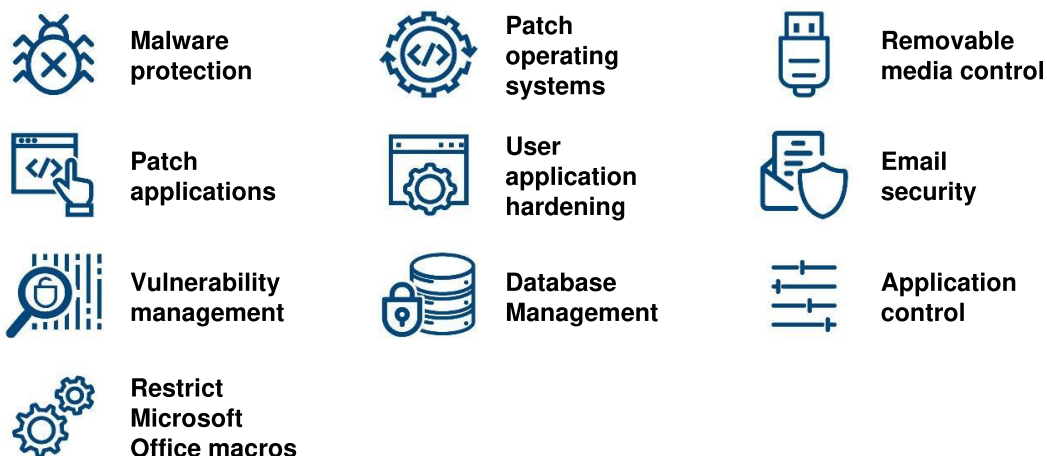
Entities must ensure endpoints, including servers, laptops, mobile devices and network devices (switches, routers, firewalls) are safeguarded against cyber threats by implementing fit-for-purpose controls.

Blocking malicious applications, conducting regular scans to identify vulnerabilities and promptly patching operating systems, databases and applications are crucial, especially for internet-facing devices. Regular scans and risk assessments help identify and prioritise vulnerabilities, which allows entities to apply appropriate mitigations.



Source: OAG

Figure 5: Percentage of entities that met/did not meet the benchmark for endpoint security



Source: OAG

Figure 6: Endpoint security controls included in our audits

Common weaknesses included:

- **Vulnerability management was ineffective** – entities did not regularly scan systems for known vulnerabilities and promptly apply patches. A frequent tactic used by attackers when breaching systems is targeting known security gaps and weaknesses, such as unpatched vulnerabilities in commonly used operating systems or applications.
- **Unauthorised applications are not blocked** – this increases the risk of malicious applications being used to compromise entities' systems and information.
- **Sensitive data lacked encryption** – databases containing sensitive data were not encrypted to prevent information leakage in the event of a breach.

- **Untrusted macros¹¹ were not blocked** – entities should prevent untrusted macros from running as they may contain malware, leading to service disruptions or ransomware attacks.

The following case studies illustrate common weaknesses in endpoint security.

Case study 1: Critical vulnerabilities were not promptly remediated

At the time of our audit, an entity had 600 known critical and 2,000 high severity vulnerabilities on their devices detected through routine automated vulnerability scans. The entity did not prioritise patching and remediating these vulnerabilities urgently, with some of the vulnerabilities having fixes available for nearly 10 years. Potential attackers would be spoiled for choice if they wanted to use a known vulnerability to breach the entity's environment.

Case study 2: Macros controls could be bypassed by users

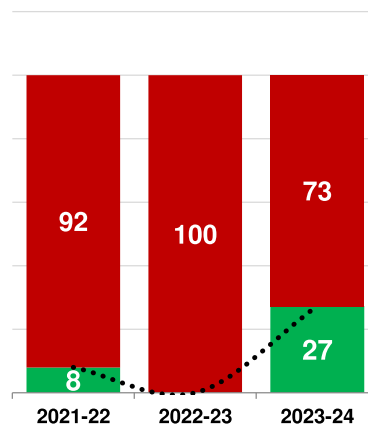
One entity implemented measures to block users from running potentially malicious Microsoft Office macros. However, as it let users turn this protection off, the risk of users accidentally running or being coerced into running dangerous macros was not reduced.

2. Access management

Access management is another area of concern. Although there is an improvement over last year, only three of the 11 entities met our benchmark. Lack of appropriate access management controls could lead to unauthorised access to systems and information.

For the second consecutive year, this control category also had the highest number of significant findings, mostly due to excessive access privileges to key business applications. This increases the risk of security incidents, unauthorised data transactions or system modifications.

Effective access monitoring and enforcing least privilege are key to minimising security risks, such as data breaches, as they ensure that users only have the necessary permissions to perform their tasks.



Source: OAG

Figure 7: Percentage of entities that met/did not meet the benchmark for access management

¹¹ Macros are pieces of code that run inside applications, such as the Microsoft suite, generally to automate tasks.



Source: OAG

Figure 8: Access management controls included in our audits

Common weaknesses included:

- **Lack of ongoing access reviews** – entities failed to review accounts to ensure the user's level of access was necessary and appropriate to conduct their duties. Outdated or unnecessary accounts could be used for malicious activities.
- **Inappropriate privileged access** – an excessive number of staff had high-level system privileges. Proper management of highly privileged accounts is key to maintaining the integrity, confidentiality, and availability of business-critical systems and services.
- **Access and activity were not logged and monitored** – lack of access and user activity logging and monitoring across applications, databases and networks make it difficult to detect potentially malicious actions. Entities can identify and respond to potential security threats more effectively if they monitor activities that deviate from business-as-usual patterns.
- **Lack of multi-factor authentication** – entities did not require staff to use a second form of authentication like a mobile phone (something you have) or fingerprint (something you are) to access sensitive networks and applications. Allowing simple credentials (username/password) exposes networks and applications to a higher risk of compromise by malicious actors.

The following case studies illustrate examples of good practice and common weaknesses in access management.

Case study 3: Remote access was appropriately managed

Remote access to an audited entity's internal network was only granted to approved devices, and users also needed their username, password and multi-factor authentication (MFA). Additionally, software on the devices was checked for malware before allowing the device to access the network.

Using this approach, the entity reduced the risk of attackers remotely accessing the entity's information or spreading malware to its computers.

Case study 4: Absence of multi-factor authentication

At one entity, MFA was not enforced on its finance application. This meant that attackers could have used passwords obtained from data breaches or phishing attacks to directly log into the finance system.

Another entity implemented MFA for their finance and HR system but did not deactivate a legacy, internet accessible logon page that did not require MFA. Our audit detected that over fifty staff members were still using the old logon method without MFA protection.

Case study 5: Activity in key systems was not monitored

A number of audited entities had no processes in place to monitor system logs for erroneous or suspicious activity on critical applications for finance, payroll and rates. Unauthorised changes to the information in these systems could remain unnoticed for prolonged periods.

Case study 6: Email access was not blocked after employees left employment

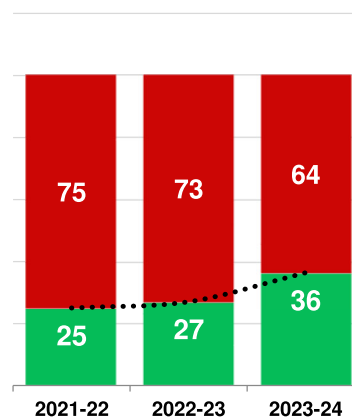
One entity did not periodically check that users still required access, allowing some staff to retain email access for many months after ceasing employment. One account belonged to a staff member who had left almost two years ago and accounts belonging to two former staff were accessed months after they departed. What these former staff did with their email accounts could not be investigated because system logging was not adequately configured.

3. Information security framework

Four of the 11 entities met the benchmark compared with three last year. However, the number of significant findings in this control category make up just over 25% of all significant weaknesses.

Our assessments show that while some entities have effective policies, many others need to improve their cyber security governance. A structured approach is crucial to align IT and security initiatives with business objectives, to protect entities against emerging threats.

Having a robust information security framework and governance model is essential for systematically managing risks, ensuring compliance and safeguarding sensitive assets against evolving cyber threats.



Source: OAG

Figure 9: Percentage of entities that met/did not meet the benchmark for information security framework



Source: OAG

Figure 10: Information security framework controls included in our audits

Common weaknesses included:

- **Lack of or outdated information and cyber security policies** – entities are less likely to achieve their information security objectives if their policies are either non-existent, outdated or fail to address critical areas of information and cyber security.
- **No strategic IT plan** – having a well-defined IT strategy is essential. Lack of a strategy could result in technology and resourcing decisions not being aligned with the entity's overall business objectives.
- **Inadequate data loss prevention controls** – accidental or malicious information leaks can undermine trust and damage an entity's public image. Having robust data loss detection and prevention measures is paramount.
- **Sensitive information was not classified** – entities did not specifically identify and classify their sensitive information to ensure it is protected against unintentional disclosure.

The following case study illustrates a common weakness in the information security framework category.

Case study 7: No data loss prevention policies

An entity did not have policies to guide staff on the acceptable use of approved cloud storage for corporate information. Although it had technical controls capable of blocking, monitoring and alerting data loss to cloud and removable storage, it had not activated the controls, in part due to a lack of policies and clear guidance.

4. Network security

There was further improvement in this category with six of the 11 entities now meeting the benchmark and no significant findings reported.

Network security is vital for protecting key systems from cyber intrusions. It is encouraging to see year-on-year improvements in controls such as network segregation and secure device configurations.

These controls are even more important for entities that have public facing facilities such as libraries, that contain network access points.

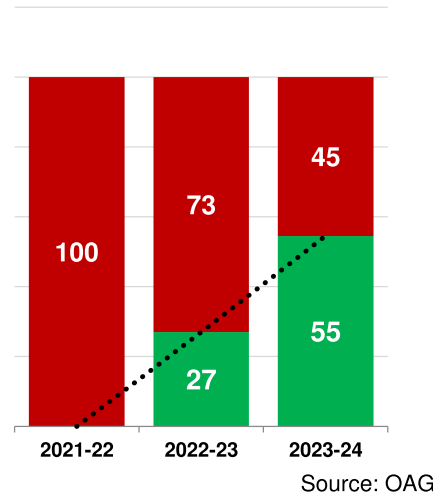
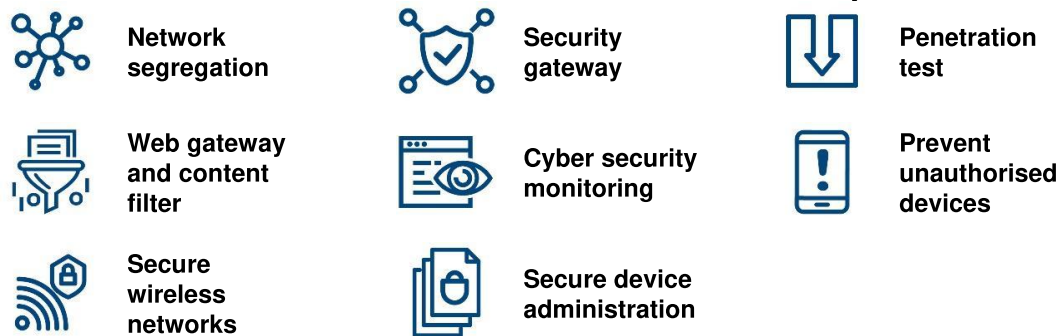


Figure 11: Percentage of entities that met/did not meet the benchmark for network security



Source: OAG

Figure 12: Network security controls included in our audits

Common weaknesses included:

- **No independent review of network security** – without periodic reviews of the security of network infrastructure, entities may fail to address weaknesses which could exacerbate the impact of a cyber attack and data breach.
- **Inadequate network segregation and infrastructure administration** – controls were not established to isolate network segments and prevent attackers from accessing multiple systems during cyber intrusions. Without proper network segregation, the impact of a cyber breach could be significantly worse.

Additionally, entities did not restrict administration of infrastructure to dedicated secure hosts or a network segment. This increases the risk to the internal network in case of a compromise.
- **Unauthorised devices not blocked on the physical network** – unauthorised devices can spread malware, be used to eavesdrop on communications or access sensitive information.

The following case study illustrates a common weakness in network security.

Case study 8: Administrator interfaces were not restricted

An audited entity did not restrict the administration of important infrastructure to specific workstations. Our testing discovered a logon page to the entity's email server administration portal, which was also accidentally exposed to the internet.

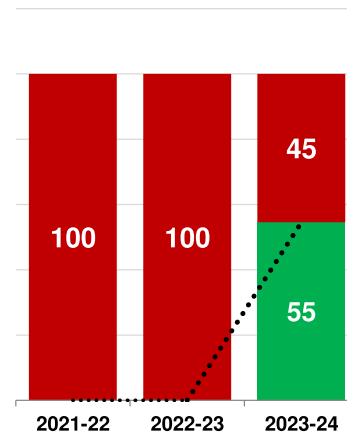
A determined attacker could gain control over the entity's emails by phishing or guessing passwords for this portal.

5. Human resource security

Human resource security has shown the biggest improvement this year.

Since people can be the strongest or weakest link in a cyber culture, it is encouraging to see entities making significant progress in this essential area.

Human resource security ensures everyone understands their responsibility to protect the information they handle. Background screening, fit-for-purpose employment processes and regular tailored cyber security education increases safeguards.



Source: OAG

Figure 13: Percentage of entities that met/did not meet the benchmark for human resource security



Background checks



Acceptable use policies



Confidentiality agreements



Security awareness programs

Source: OAG

Figure 14: Human resource security controls included in our audits

Common weaknesses included:

- **Lack of regular and relevant security awareness training** – building a strong security culture starts with regular cyber security training. Educated staff become the first line of defence against social engineering attacks like phishing and business email compromise, significantly reducing the risk of these threats.
- **Inadequate onboarding and offboarding processes** – without proper background screening, entities risk hiring unsuitable individuals, increasing insider threat risks. Additionally, delayed exit processes can lead to unauthorised access to premises,

information, systems and potential financial loss, by individuals who no longer are employed or contracted.

- **Decentralised management of contractors** – without centralised oversight of contractors and consultants, human resource security processes for these individuals may be forgotten or bypassed.

The following case studies illustrate common weaknesses in human resource security.

Case study 9: No refresher security training

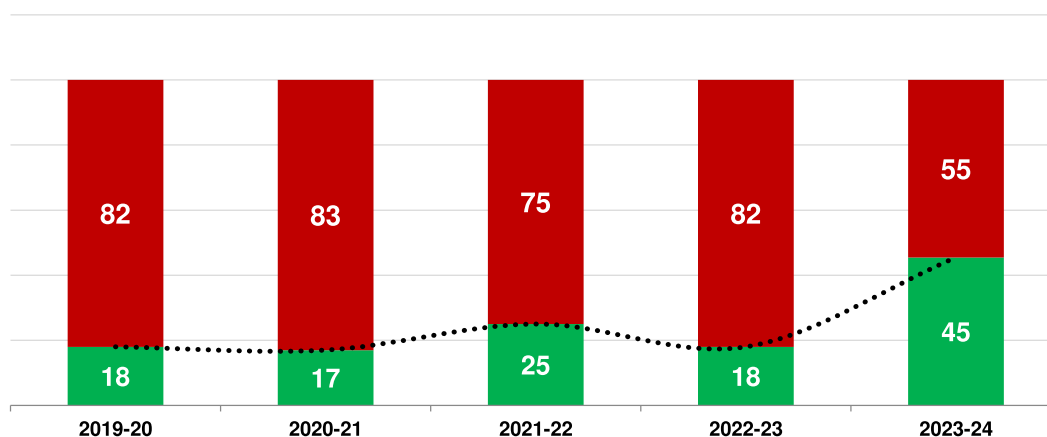
One entity successfully implemented one-off mandatory cyber security training for new staff, however, there was no ongoing program to provide refresher training. In a rapidly evolving cyber security landscape, where people are often the target of attackers, staff need regular training with up-to-date and relevant material.

Case study 10: Contractor access was not well managed

At one entity we found contractors were being engaged without any background screening, induction or offboarding processes. Contractors often perform work that gives them access to business systems and sensitive information, so it is important they are appropriately screened and offboarded to ensure they know and uphold their information security responsibilities.

6. Business continuity

In 2023-24, five of the 11 entities met the business continuity benchmark. This is an improvement from last year. It is important that entities have good business continuity plans and procedures to guide their actions during disruptive events. These plans should be based on regularly reassessed business impact analysis and agreed recovery priorities and objectives.



Source: OAG

Figure 15: Percentage of entities that met/did not meet the benchmark for business continuity



Source: OAG

Figure 16: Business continuity controls included in our audits

Common weaknesses included:

- **Missing or outdated continuity and cyber incident response plans** – without sufficient business continuity plans it may take entities longer to recover operations following an incident. This can impact and extend interruptions for services delivered to the community.
- **Lack of regular testing** – routine testing of plans helps entities to identify weaknesses, be better prepared and minimise downtime during actual emergencies. Regularly testing plans also confirms if they meet recovery expectations.

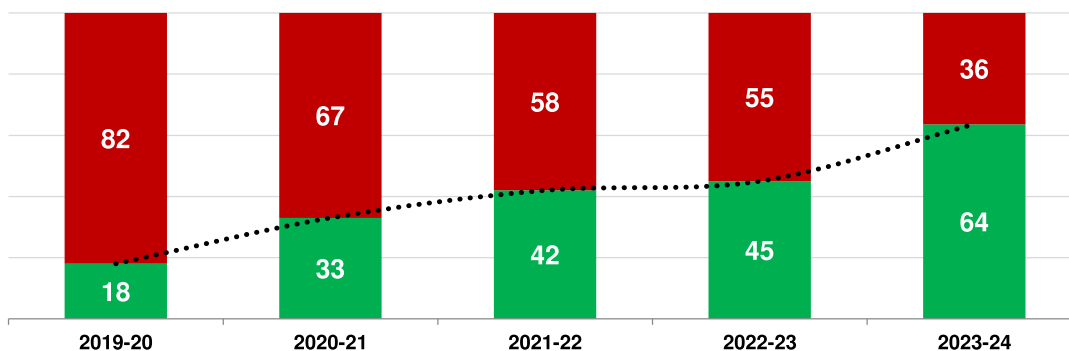
The following case study illustrates a common weakness in continuity planning.

Case study 11: Business continuity plans stale and untested

One entity had not performed any review or test of their business continuity plans in nearly seven years. In a rapidly evolving IT environment, outdated and untested continuity plans provide no assurance that the entity's functions would be able to continue in an emergency or that agreed recovery objectives and times are feasible.

7. IT operations

IT operations is another category that has shown consistent improvement over the years. In 2023-24, seven entities met our benchmark. We assessed if entities had a formal incident management process, fit-for-purpose service desk processes and appropriately managed IT assets. We also looked at the management of IT vendors' performance and contracts.



Source: OAG

Figure 17: Percentage of entities that met/did not meet the benchmark for IT operations



IT assets lifecycle
management



Supplier
performance management



Incident and problem
management

Source: OAG

Figure 18: IT operations controls included in our audits

Common weaknesses included:

- **Supplier performance not reviewed and contracts lack service level agreements** – entities may be unaware when IT suppliers fail to fulfil performance requirements which can affect overall operations.
- **Inadequate IT asset management** – asset registers were poorly maintained and stocktakes were not performed which can lead to inaccurate inventory records, financial loss and reputational damage.

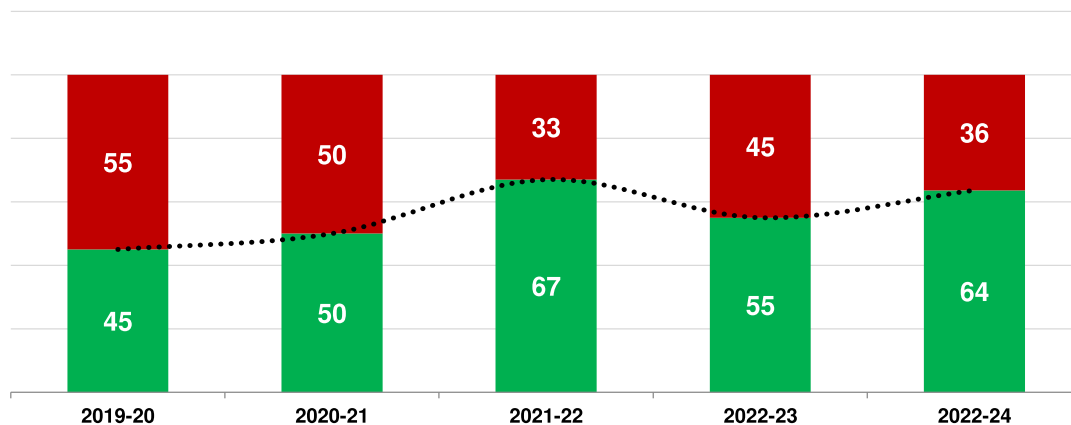
The following case study illustrates a common weakness in IT operations.

Case study 12: Unrecorded assets increase the risk of information disclosure

At one entity we found over 80 laptops that were not recorded in the asset register. This increases the risk that the laptops could be stolen or go missing, and that sensitive information stored on them could be inappropriately accessed and disclosed.

8. Physical security

Over half of the 11 entities demonstrated good controls in server room access management and IT infrastructure protection, following a small decline last year.



Source: OAG

Figure 19: Percentage of entities that met/did not meet the benchmark for physical security



Source: OAG

Figure 20: Physical security controls included in our audits

Common weaknesses included:

- **Server room access logs were not maintained or monitored** – it is important to keep entry logs and review access to server assets to help prevent both intentional and accidental damage to vital IT equipment.
- **Server rooms were poorly maintained** – server rooms should be kept tidy and free of unnecessary items, with cables neatly organised to prevent accidental damage to infrastructure. In addition, server racks should be locked when not in use to enhance security and protect equipment.

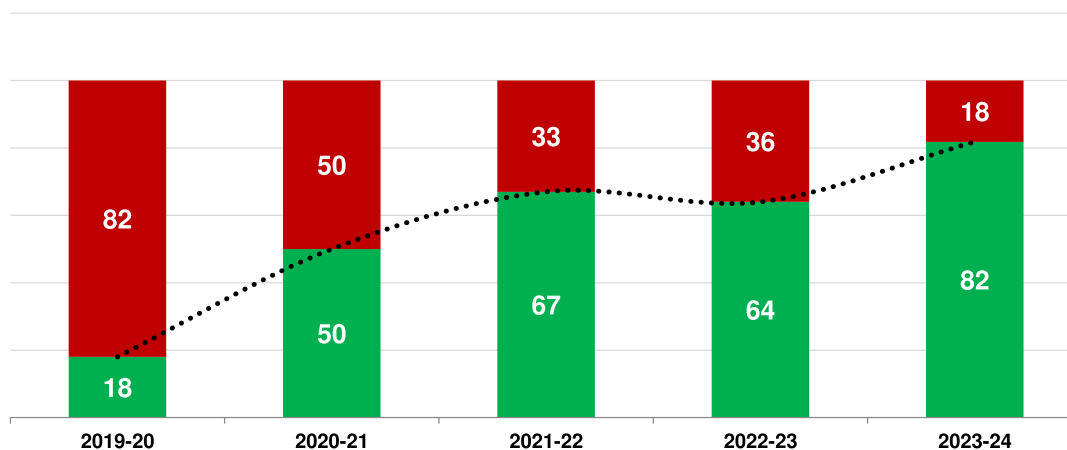
The following case study illustrates a common weakness in physical security.

Case study 13: Swipe card access was not reviewed

When we examined the building management system at one entity, we found over 120 staff had been erroneously granted swipe card access to a critical server room. As no reviews of door access permissions were taking place, non-IT staff had direct physical access to the entity's server and network hardware.

9. Change management

We have observed steady improvement in change management over the years. In 2023-24, nine entities have demonstrated good controls in this area. Well managed change management processes reduce business risk.



Source: OAG

Figure 21: Percentage of entities that met/did not meet the benchmark for change management



Source: OAG

Figure 22: Change management controls included in our audits

Common weaknesses included:

- **Lack of change management procedures** – this can lead to uncoordinated changes, that result in system instability, errors and potential downtime. It's crucial to have a structured approach to plan, test and implement changes.
- **Changes were not documented well** – comprehensive documentation is essential to ensure changes are well-understood and managed effectively.

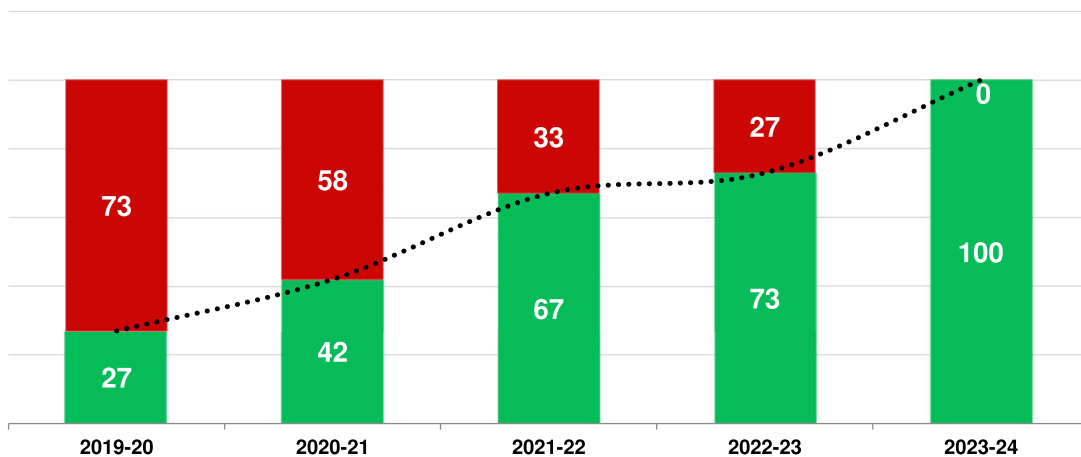
The following case study illustrates a common weakness in change management.

Case study 14: Change plans lacked sufficient detail

One entity developed a detailed change management procedure. However, when we reviewed recent IT changes, we found most were missing essential details around their testing, implementation and rollback. While the procedure required these fields for each change, the information documented was not detailed enough to be useful.

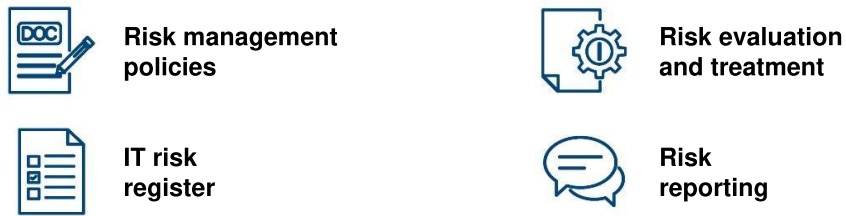
10. Risk management

For the first time since we began auditing local government entities' information systems in 2019-20, all 11 entities demonstrated comprehensive risk management policies and processes. Entities should continue to implement these to address current and emerging cyber security risks.



Source: OAG

Figure 23: Percentage of entities that met/did not meet the benchmark for risk management



Source: OAG

Figure 24: Risk management controls included in our audits

This year, none of the 11 entities had findings in this category. However, we did raise risk management findings with other audited entities during our GCC audits. Most commonly, these entities lacked IT risk registers. It is crucial entities maintain a detailed IT risk register to proactively identify and mitigate risks, ensuring smoother operations and enhanced security.

Recommendations

1. Endpoint security

Local government entities should:

- a. implement effective controls against malware
- b. promptly identify and address known vulnerabilities
- c. control installation of software on workstations, servers and mobile devices
- d. prevent unapproved applications and macros from executing
- e. enforce minimum baseline controls for personal or third-party devices connecting to their systems
- f. implement controls to prevent impersonations and detect/prevent phishing emails
- g. review and harden server and workstation configurations
- h. ensure sensitive information within database is appropriately protected.

2. Access management

To ensure only authorised individuals have access, entities should:

- a. implement effective access management processes
- b. regularly review active user accounts
- c. enforce strong passphrases/passwords and phishing-resistant multi-factor authentication
- d. limit and control administrator privileges
- e. implement automated access monitoring processes to detect malicious activity.

3. Information security framework

Entities should:

- a. maintain clear information and cyber security policies and governance structures to oversee and direct IT operations and cyber security
- b. conduct regular assessments or gain comfort through assurance reports
- c. obtain and review service organisation controls (SOC2) report or equivalent when they use software-as-a-service (SaaS) application for key systems including payroll and finance
- d. classify information and implement data loss prevention controls.

4. Network security

Entities should:

- a. implement secure administration processes for network devices
- b. regularly review their network security controls through penetration tests
- c. segregate their network

- d. prevent unauthorised devices from connecting to their network
- e. adequately secure wireless networks.

5. Human resources security

Entities should ensure that:

- a. pre-employment screening is conducted for key positions
- b. confidentiality/non-disclosure requirements are in place and understood by individuals
- c. termination procedures are in place and followed to ensure timely access cancellation and return of assets
- d. ongoing security awareness training programs are in place and completed by all staff.

6. Business continuity

Entities should:

- a. maintain up-to-date business continuity plans
- b. keep disaster recovery plans current
- c. ensure incident response plans are regularly updated
- d. frequently test all plans to ensure effectiveness.

7. IT operations

Entities should:

- a. implement appropriate IT incident management processes
- b. regularly monitor supplier performance
- c. perform regular reviews of inventory assets
- d. have formal service level agreements with suppliers.

8. Physical security

Entities should:

- a. implement effective physical access controls to prevent unauthorised access
- b. maintain environmental controls to prevent damage to IT infrastructure arising from heat, moisture, fire and other hazards
- c. gain assurance that third-party providers manage their data centres appropriately.

9. Change management

Entities should:

- a. consistently apply change control processes when making changes to their IT systems
- b. assess and test changes before implementation to minimise errors
- c. maintain change control documentation

- d. implement controls to detect unauthorised changes.

10. Risk management

Entities should:

- a. fully implement their risk management policies to manage IT and cyber security risks
- b. understand their information assets and apply controls based on their value
- c. ensure IT, information and cyber security risks are identified, assessed and treated within appropriate timeframes
- d. regularly assess controls to ensure they are operating effectively
- e. provide executive oversight and remain vigilant against the risks of internal and external threats.

In accordance with section 7.12A of the *Local Government Act 1995*, local government entities should prepare a report on any matters identified as significant in the local government's audit report¹². The report should be given to the Minister for Local Government within three months of the local government receiving the audit report and published on the local government's website.

¹² An audit report includes the independent auditor's opinion and the auditor's management report (interim and final management letters) as described in regulation 10 of the Local Government (Audit) Regulations 1996. Further information on what is an audit report is available on our website (<https://audit.wa.gov.au/resources/local-government/faqs/#faq-21828>).

Auditor General's 2024-25 reports

Number	Title	Date tabled
11	Local Government 2023-24 – Information Systems Audit Results	11 April 2025
10	Fraud Risks in the WA Greyhound Racing Association	11 April 2025
9	Child Protection Case Management System – Assist	21 March 2025
8	Universities and TAFEs 2023 – Financial Audit Results	5 December 2024
7	WA Student Assistance Payment – Controls Review	27 November 2024
6	Provision of Additional Information to the Standing Committee on Estimates and Financial Operations – Opinions on Ministerial Notifications	22 November 2024
5	Implementation of the Aboriginal Procurement Policy	21 November 2024
4	Quality and Utilisation of Emergency Department Data	20 November 2024
3	Management of State Agreements	30 October 2024
2	Legislative Reform Priorities and Timeframes – Opinion on Ministerial Notification	19 August 2024
1	Supplier Master Files – Better Practice Guide	1 August 2024

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Office of the Auditor General
for Western Australia



Report 12: 2024-25 | 24 April 2025

FINANCIAL AUDIT RESULTS

Local Government 2023-24



**Office of the Auditor General
for Western Australia**

Audit team:

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

We can deliver this report in an alternative format for
those with visual impairment.

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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

**Local Government 2023-24 –
Financial Audit Results**

Report 12: 2024-25
24 April 2025

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**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

LOCAL GOVERNMENT 2023-24 – FINANCIAL AUDIT RESULTS

This report has been prepared for submission to Parliament under the provisions of sections 24 and 25 of the *Auditor General Act 2006*.

The report summarises the final results of our annual audits of 135 of 147 local government entities for the year ended 30 June 2024.

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

A handwritten signature in blue ink that reads "Labuschagne".

Sandra Labuschagne
Acting Auditor General
24 April 2025

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Report overview

2023-24 was our third year auditing the entire local government sector and we continue to see the impact of the hard work put in by the sector and our audit teams. For 2023-24, 91.8% of audit opinions, covering 135 of 147 local government entities, were signed by 31 December 2024 (2023: 89%). We are in a good position to provide a holistic view of the sector, again earlier than we did last year. There were 12 entities' audits outstanding at 31 December 2024 which are not included in this report. These entities encountered various challenges in providing us with information to enable their audits to be finalised.

An area of improvement in 2023-24 was a reduction in the number of qualified audit opinions from 12 entities in 2022-23 to six entities this year. The reduction was partially driven by legislative relief around valuations of infrastructure and property, plant and equipment. The overall number of financial management findings also decreased by 29%, from 718 issues to 512. We commend entities for the ongoing improvements and the Department of Local Government, Sport and Cultural Industries (DLGSC) in its actions to support the sector. The Office will continue to offer support and input where appropriate.

Another area of improvement was timeliness. However, while timeliness has improved year on year, we continue to see a bottleneck of audit sign-offs in December. We also still experience multiple financial statement versions submitted for audit and high error rates in those versions. These challenges further contribute to increased audit effort and costs, and delay audits.

Most emphasis of matter (EoM) paragraphs this year were due to fixing prior year errors. Eight of 18 EoM paragraphs related to restatement of prior year fixed asset or infrastructure balances, many where assets were not previously recognised in the accounting records and financial report. The restatement of prior year numbers requires both local government staff and Office staff (including contractor audit firms) to re-examine previously audited numbers.

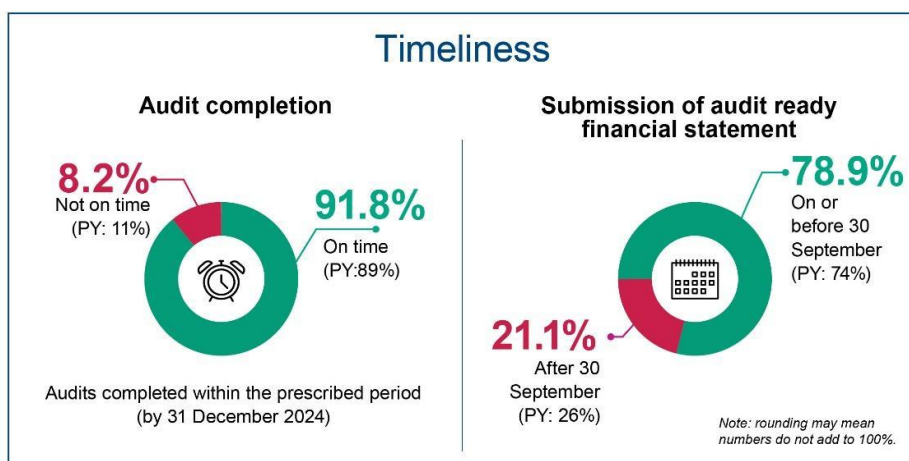
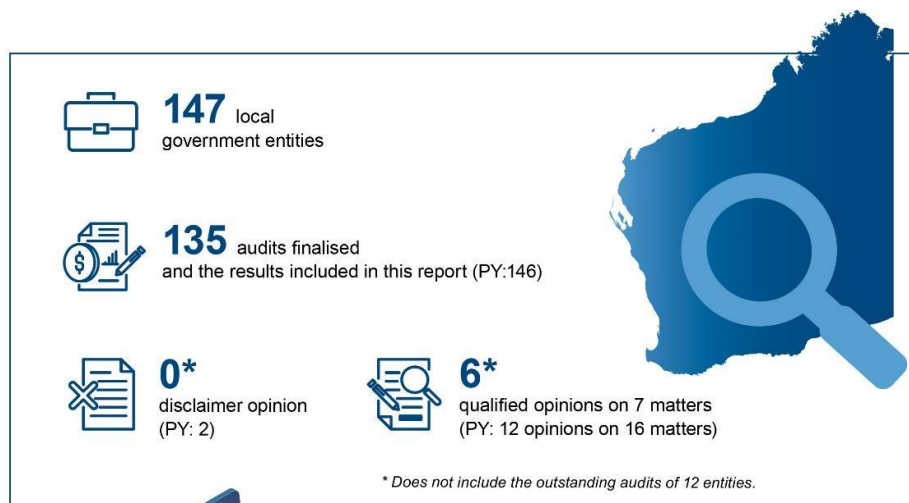
Pleasingly, information systems control issues have also reduced by 25% compared to 2022-23. A full analysis of these results is contained within the *Local Government 2023-24 – Information Systems Audit Results*¹ report.

DLGSC and entities are encouraged to consider the recommendations included in this report, and draw on our better practice guides, to streamline the financial reporting and auditing processes. It is pleasing to see the significant progress made by entities this year and we hope to see this momentum maintained for the 2024-25 season.

¹ Office of the Auditor General, [Local Government 2023-24 - Information Systems Audit Results](#), OAG, 11 April 2025.

2023-24 local government reporting cycle at a glance

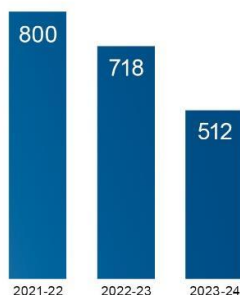
This report contains our findings from the annual financial audits of the local government entities whose audits were completed by 31 December 2024.



PY: prior year

Audit results*

* Does not include the outstanding audits of 12 entities.



Financial management issues

0

disclaimer
of opinion
(PY: 2)

512

financial
management
issues (PY: 718)

4

qualified opinions
on 5 matters
removed (PY: 5)

6

qualified
opinions
(PY: 12)

353

information system
control issues
(PY: 473)

18

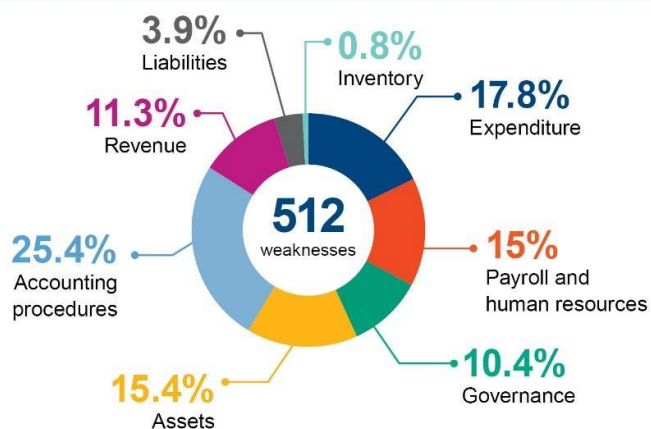
emphasis of matter
paragraphs (PY: 18)

12

opinions
outstanding
(PY: 1)

Financial and management weaknesses

The 135 entities with
finalised audits had:



Financial reporting, accountability and audit matters



Quality and timeliness of financial reporting
(page 12)



Asset valuations & found assets
(page 22)



Accounting standard changes
(page 24)



Timely communication of audit fees
(page 25)

Recommendations

To streamline the audit process:

Entities should:

- a. submit good quality, reviewed and CEO-signed financial reports for audit no later than 30 September. Our expectation is that CEO certification means management is satisfied the financial report is a complete and accurate record of their entity's finances and all numbers and disclosures are supported by underlying work papers. Supporting work papers and reconciliations should be available by this date (page 12)
- b. evaluate the significance of errors and decide if they need to be adjusted. Analyse the root cause for the errors (page 13)
- c. communicate delays to financial report submission early to minimise disruptions and facilitate resource allocation. Flexibility may be required from entities when rescheduling their audit (page 16)
- d. evaluate opportunities to submit financial reports earlier for audit (page 15)
- e. refer to our Audit Readiness Tool which contains checklists to assist in preparation for audit (page 16).

The Department of Local Government, Sport and Cultural Industries (DLGSC) should:

- f. consider further opportunities to reduce financial report disclosure requirements to provide further relief to entities, without compromising the needs of users of the financial report. This recommendation is reoccurring from our *Local Government 2022-23 – Financial Audit Results* report (page 24).

DLGSC response:

DLGSC recognises the importance of this consideration and is committed to continuous review and monitoring for opportunities to streamline and simplify reporting processes. This approach ensures that the necessary information is captured efficiently, while minimising the effort required from entities and the auditor. By regularly evaluating and refining our reporting requirements, DLGSC aims to maintain a balance between thoroughness and ease of use.

To improve reporting and accounting for fixed assets:

Entities should:

- g. conduct asset counts to support the completeness and accuracy of asset records (page 23).

DLGSC should:

- h. finalise their valuations guide and release this to improve consistency and reliability of valuations across the sector. This recommendation is reoccurring from our *Local Government 2022-23 – Financial Audit Results* report (page 22).

DLGSC response:

After consultation with other jurisdictions, the DLGSC is finalising a comprehensive guide to assist entities in revaluing non-financial assets. This guide aims to enhance the consistency and reliability of asset valuations. It will encompass key topics such as valuation

methodologies, scope of works and assumptions used in the valuation process as outlined and is scheduled for completion by 30 June 2025.

To reduce management letter findings:

Entities should:

- i. alert OAG audit engagement leaders to new processes or systems, any issues encountered during the year, or any area of concern or technical accounting determinations (page 16).

DLGSC should:

- j. consider providing guidance for entities around commercial operations and consider if regulatory change is warranted (page 22)
- k. develop guidance on how to disclose and account for prior period errors (page 23)
- l. develop WA guidance on rehabilitation provision accounting. This recommendation is recurring from our *Local Government 2022-23 - Financial Audit Results* report (page 23).

DLGSC response:

DLGSC will consider as part of any further local government reforms the potential to streamline regulation in the setting of fees and charges for local governments and regional subsidiaries to reflect modern commercial management. Regulatory changes are however ultimately decisions for the Minister for Local Government and in respect of the *Local Government Act 1995*, the Cabinet.

DLGSC will consider if existing guides on accounting for rehabilitation provisions can be localised for Western Australian specific legislation.

DLGSC acknowledges the challenges that accounting for prior period errors can present to local governments. DLGSC will assist by providing affected local governments with examples for previous prior period error corrections of a similar nature. However, the best approach is for the local government to provide early advice to the auditor on their need to report a prior period error.

Review of the 2023-24 financial year

Introduction

Our financial audits focus on ensuring the accuracy of an entity's annual financial statements. This report summarises the results of the financial audits of local government entities (entities) for the year ended 30 June 2024. It includes the results for the 135 of 147 entities' audits that we completed by 31 December 2024 (Appendix 1), with the remaining 12 entities' results to be tabled in Parliament once their audits are completed. Appendix 1 also includes statistics of results by local government band to enable entities to contextualise their own results.

Summary of audit opinions

For the financial year ending 30 June 2024, we issued clear opinions for 129 entities by 31 December 2024 and six audit opinions were qualified. We included 18 emphasis of matter (EoM) paragraphs in the auditor's reports of 18 entities and one audit opinion with a material uncertainty of going concern.

Audit year	2022-23	2023-24
Number of entities subject to OAG audit	147	147
Number of entity audits included in results report	137	135
Number of entity audits included in updated statistics ²	146 ²	N/A
Clear (unqualified) audit opinions	132 ²	129
Qualified opinions	12 ²	6
Disclaimer of opinion	2 ²	0
Material uncertainty related to going concern	1	1
Emphasis of matter paragraphs	18 ²	18

Source: OAG

Table 1: Audit results for the past two years

No disclaimed opinion yet for 2023-24

Of the 135 entities audits signed by 31 December 2024, we issued no disclaimers of opinion. This status may change as we finalise the remaining outstanding audits.

Issuing a disclaimer of opinion is the most serious audit outcome. In 2022-23, we issued two disclaimers of opinion, the City of Nedlands which was reported in our *Local Government 2022-23 - Financial Audit Results* report and the Shire of Halls Creek which was completed after the cut-off date of that report³. A disclaimer of opinion is issued when there is insufficient evidence to form an opinion and the effect is pervasive through the financial report.

² Updated statistics as per Appendix 10 of tabled report on OAG website, *Universities and TAFEs 2023 - Financial Audit Results*, 5 December 2024.

³ The opinion for the Shire of Halls Creek was included with updated statistics as per Appendix 10 of tabled report on OAG website, *Universities and TAFEs 2023 - Financial Audit Results*, 5 December 2024.

Six qualified opinions

So far for 2023-24, six entities received qualified opinions, covering seven qualification matters (Appendix 4) representing a decrease in the number of qualified entities from 2022-23 where we qualified the audit opinions of 12 entities, covering 16 qualification matters.

All seven qualification matters related to assets: one for biological assets and six for infrastructure assets. Five of the qualification matters related to the comparability of balances due to prior year qualifications. One included a qualification of the current and prior year asset values as the entity was unable to sufficiently determine the existence of their assets in 2022-23 or 2023-24. The other qualification matter related to insufficient evidence to support the existence of biological assets.

Additional audit work is required in the year following a qualification to determine if the qualification needs to remain or if it can be removed. We expect five of the 2023-24 qualifications to be cleared in the 2025 financial year as the qualified comparative balances will no longer be reported.

Emphasis of matter paragraphs

In 2023-24, we included 18 EoM (Appendix 6) paragraphs in 18 entity auditors' reports which is on par with the 18 EoM paragraphs included in 17 reports the prior year. We anticipate this number to increase as the outstanding 12 audits are finalised. This year EoM paragraphs directed the readers' attention to:

- restatements of comparative figures or balances to correct prior period errors, largely related to property and infrastructure assets (2023-24: 14 entities) (2022-23: 13 entities)
- events occurring after balance date (2023-24: 2 entities) (2022-23: 3 entities)
- the basis of accounting used by the entity (2023-24: 1 entity) (2022-23: 1 entity)
- legal determination pending (2023-24: 1 entity) (2022-23: 1 entity).

The increase in entities with prior period errors in their financial reports is of concern. These errors largely relate to found assets, which are owned assets that had not been appropriately recognised in the accounting records and financial report. To reduce the risk of such errors, entities should review their processes and controls to ensure their asset records appropriately capture all assets.

It is commendable that entities proactively find and correct prior period errors; however, it raises serious concerns around historical accounting records and increases audit risk. Additionally, errors cause delays and increase audit effort as prior year numbers need to be re-audited and additional disclosure notes must be reported and verified.

Five prior period errors were a result of gifted assets not being recognised in the accounting records of entities at the time they were received. It is important that when entities receive assets, regardless of the amount they have paid for them, that they are appropriately recognised in entity accounting records and at the appropriate value.

A full description of EOM paragraphs is included in Appendix 6.

Material uncertainty related to going concern

Under Australian Auditing Standards, we consider whether events or conditions exist that may cast significant doubt on the entity's ability to continue as a going concern.

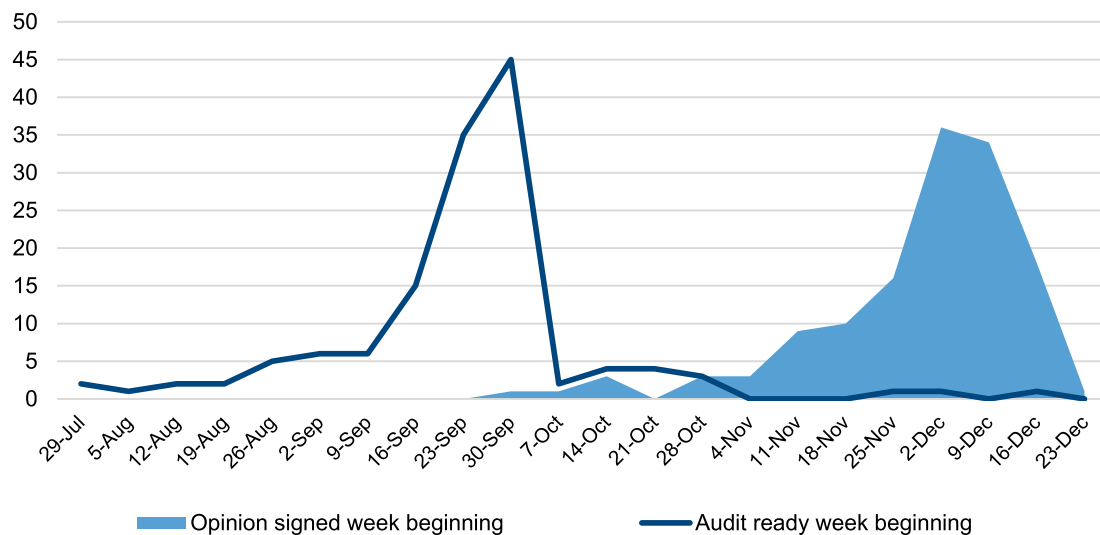
In 2023-24, this applied to the Resource Recovery Group (Group). The going concern issue arose due to the majority of member councils withdrawing from the Group. This material

uncertainty was first included in the Group's audit report for 2022-23. This was not reported in our 2022-23 results report as the audit was finalised after the cut-off date for that report.

Appropriate disclosures were included in the Group's financial report about this matter and our auditor's report draws readers' attention to these disclosures, an extract of this is included in Appendix 7.

Quality and timeliness of financial reporting

We aim to finalise all audits early enough for entities to meet their legislated timeframes for adopting their annual reports. Appendix 1 outlines the date we issued each entities' 2023-24 auditor's report and our assessment of their audit readiness. Of the 122 entities which provided financial statements by 30 September 2024, we considered 116 to be audit ready.



Source: OAG

Figure 1: Audit ready financial report submitted for audit vs. audit completion dates by week beginning

Issues with quality of financial reports

The quality of financial reports and supporting documentation directly impacts audit timelines. For 2023-24, we continued to see issues resulting from a lack of quality review processes. This included high numbers of financial report versions, a large number of audit reports with EoM paragraphs due to prior period restatements and a significant number of audit errors.

Revisions to financial reports

Multiple financial report versions impact the cost of financial reporting. On average four versions of the financial report (2022-23: five versions) were provided by each entity for 2023-24. One entity submitted 16 versions. Each new version requires time to review and verify the changes, and increases the risks around version control.

To improve the quality of financial reports provided to audit and reduce the number of versions provided, we request financial reports go through an internal review and certification process prior to being submitted for audit. This process is to ensure the financial report has been interrogated and stress-tested internally, with the expectation that errors or other anomalies are identified early and corrected by the entity before the audit starts.

A rigorous review process enables CEOs to be comfortable with the report submitted and prepared to sign as final. In 2023-24, 117 entities provided us with statements certified by the

CEO at the commencement of the audit. Of the remaining entities, five were signed by the CFO or equivalent and 13 entities did not have any certification prior to submission for audit.

Entities should also have their financial report reviewed by council prior to providing for audit. Where councillors have not reviewed the financial report prior to audit sign-off there can be a situation whereby councillors are unhappy with disclosures in the report or want changes. This is evidenced in Case study 1.

Case study 1: Councillors not shown financial report prior to audit sign-off



A local government entity had their audit completed and signed in mid-December. The following week we received a request to amend the audited financial report due to council's dissatisfaction with a disclosure.

While minor disclosure amendments are simple in theory, any amendment to an audited annual report requires significant audit effort. Our audit opinion would have to be recalled and re-issued, amended disclosures would need to be re-audited and we have to re-perform subsequent event reviews as required by the auditing standards. This can quickly add up to an expensive exercise with minimal benefit to ratepayers. When this was conveyed, along with the likely timeline for actioning the changes, the entity elected not to go ahead with the amendments.

To avoid similar situations, entities should ensure the council, either in full or via delegated authority to the audit committee, is comfortable with the financial report prior to it being submitted for audit. This should form part of the pre-audit review of the financial report. Without a comprehensive review process there is an increased risk that the financial report is not audit ready.

Financial report errors

Errors coupled with multiple financial report versions are indicators of the quality of financial operations.

At 31 entities (2023: 34) we found no errors. For the other 104 entities, we identified 377 errors, 257 of which entities corrected (adjusted) in the final financial report and 120 remained uncorrected (Table 2). We expect the numbers of errors to increase once the remaining audits are finalised. There was a decrease in both the total number and total value of errors from the prior year and when compared with both the previous year's totals.

Year	Adjusted errors			Unadjusted errors			Total errors	
	No. of entities	No. of errors	Value	No. of entities	No. of errors	Value	No. of errors	Value
2023-24	104	257	\$355,842,684	54	120	\$54,998,088	377	\$410,840,772
2022-23	100	285	\$1,125,288,333	59	104	\$69,157,705	389	\$1,194,446,038
2021-22	91	335	\$1,613,529,048	58	132	\$50,668,884	467	\$1,664,197,932

Source: OAG

Table 2: Adjusted and unadjusted errors for entities

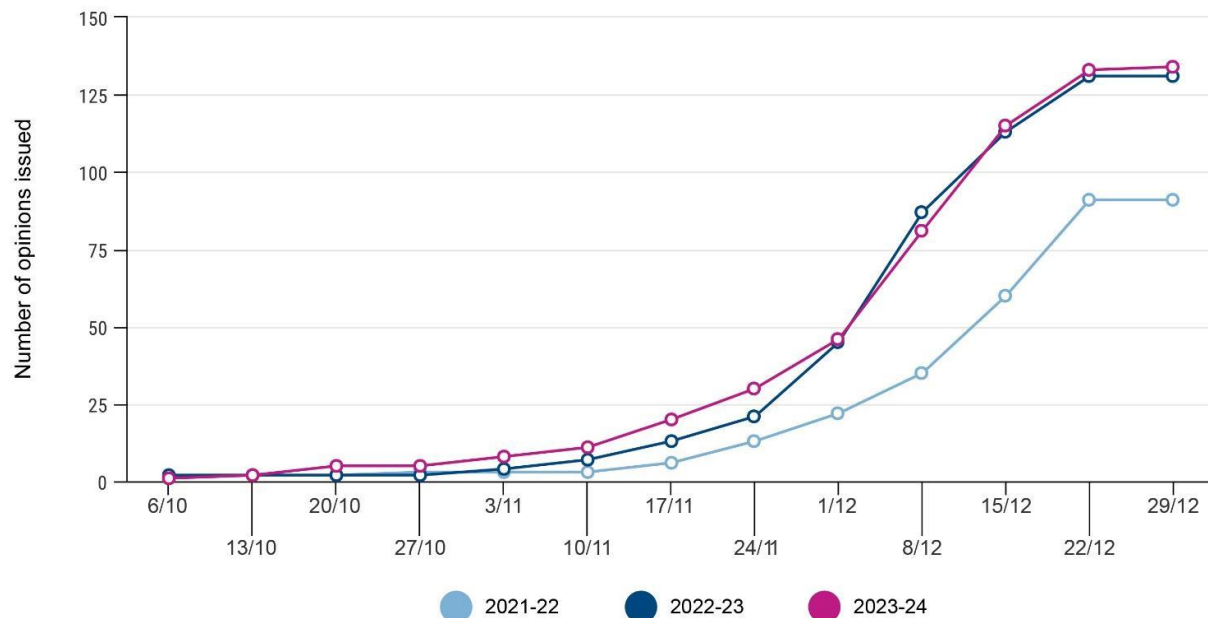
We identify errors based on evidence found during our audit. Material errors require correction to (in most cases) avoid qualification; for smaller errors, entities can choose whether or not to adjust.

We inform management and those charged with governance of all errors other than those that are clearly trivial. By hearing about them, the entity can identify potential risk areas or other matters impacting their financial reporting. Entities should consider carefully whether they make adjustments for errors that are not material. Smaller errors have no real impact on the financial report but require time to process and validate. All errors, but particularly those which are adjusted by the entity, increase the time and cost of financial reporting and of the audit. At one entity we noted 15 errors, it adjusted 13, but only five were material in total. Entities need to get the balance right in terms of the overall objective of the financial report.

Timeliness

OAG hard line initiative factor in improved timely reporting

This was the second year we invoked our hard line initiative. The initiative focuses on improving the quality and timeliness of financial reports and associated working papers that entities provide for audit. The continued support from the sector meant we were able to issue 91.8% of entities' audit opinions prior to 31 December 2024 (89.1% to 31 December 2023 for 2022-23). Entities have continued to work hard to prepare for their audits and provide more timely information. Figure 2 illustrates the completion of audits across the three years where we have had responsibility for all local government audits. It clearly shows the impact of the hard-line initiative in moving the completion of audits earlier.



Source: OAG

Figure 2: Cumulative opinions issued in 2022, 2023 and 2024 by date

Audit bottleneck

There is a significant bottleneck in December. The majority of opinions are issued in December – 60.5% in 2023-24 and 63.9% in 2022-23 (Figure 2) with a substantial spike in the number of opinions issued per week (Figure 3). We issued more opinions in the second half of December 2024 than in 2023, 52 opinions in 2023-24 as opposed to 44 opinions in 2022-23.



Source: OAG

Figure 3: Opinions issued per week in 2022, 2023 and 2024

Despite only 78.9% (116 entities) of the sector being audit ready by 30 September 2024, we completed 91.8% of the sectors audits on time. The 19 entities included in this report that submitted their financial reports late added to the December bottleneck. Entities need to further improve their audit readiness as early preparation may enable audits to be brought forward. It also creates a buffer so audits with unexpected delays or newfound issues may still be completed within mandated timeframes.

Another factor in the bottleneck is entities viewing 30 September as the initial submission date for their financial report rather than treating it as the final date they can provide their financial report. Entities should focus on bringing forward their financial reporting processes to enable submission of their financial report as early as possible. Case study 2 illustrates what can be achieved when entities are audit ready ahead of 30 September.

Figures 1, 2 and 3 illustrate the time pressure point for finalising audits and how critical it is to meet agreed timelines. We need to work with the sector to bring work forward, wherever possible, to reduce the bottleneck and peak in workload.

Case study 2: Entity provided a complete financial report ahead of the statutory deadline



The Shire of Denmark had their financial report audit ready on 6 September 2024, more than three weeks ahead of the statutory deadline. This allowed the audit team to complete the audit and issue the opinion on 18 October 2024.

The Shire had completed internal review processes prior to submitting their report for audit that had been certified by the CEO on submission. The internal review process was thorough and meant that we were able to provide a clean audit opinion on the second version of their financial report with the Shire having no adjusted or unadjusted errors.

Having their audit completed by mid-October meant the Shire was reporting timely data to their ratepayers and other stakeholders, and allowed ample time to meet their statutory reporting deadlines before the end of the calendar year.

Reduction in requests for submission extension of financial report to auditor

Entities can apply to DLGSC prior to the legislated deadline of 30 September for an extension to submit their financial report for audit. There was a 37% reduction in the number of extensions this year, with 17 entities requesting extensions (Appendix 2), down from 27 entities in 2022-23. Entities need to advise us early if they are seeking an extension so we can work with them to minimise any adverse impact on the scheduling of their audit.

Extensions impact the timeliness of reporting. There can be legitimate reasons for one-off extensions; however, repeat extensions can be symptomatic of other underlying problems where early intervention is critical to prevent these from escalating. It is acknowledged that in July and August of each year, a time which should be primarily focused on preparation of the financial report, entities have competing priorities. On top of their business-as-usual work, entities are required to prepare and adopt their annual budget for the year by 31 August. This work is often completed by the same staff that would prepare the financial report.

Of the 17 entities given extensions, one entity received an extension to December 2024 and three obtained extensions into early 2025. These heavily extended deadlines meant it was impossible for these financial reports to be audited by the statutory deadline of 31 December 2024. Of the 12 entities that did not have their audits completed by 31 December 2024, nine had received an extension.

Audits finalised after 31 December 2024 and those that are still in progress

The twelve audits that were not finalised prior to 31 December 2024 encountered numerous challenges (Appendix 3).

Generally, audits in progress share some of the following themes:

- **Data integrity and system changeovers:** information to support the trial balance and financial report disclosures was not readily available, including appropriate data validation for those entities which had changed financial systems during the year. We encourage entities to review our better practice guides⁴ to better understand audit information requirements.
- **Key staff availability:** positions were vacated during the audit or have been vacant for some time. When key staff resign prior to or during the audit process, often no one is left at the entity who can assist with audit queries or provide the necessary information.
- **Difficulty closing out technical reporting matters:** some entities lacked the expertise required to adequately manage complex financial reporting. Technical matters such as business purchases, found assets and additional work required to clear prior year opinion modifications were too often left to the audit teams to resolve.
- **Incomplete valuations:** valuations are not readily available or we have concerns with their accuracy and/or completeness.

For those audits still in progress, we expect to issue further qualified opinions or opinions that include an EoM paragraph. We also expect the number of financial control findings to increase.

⁴ Office of the Auditor General, [Audit Readiness – Better Practice Guide](#), OAG, 30 June 2023 and Office of the Auditor General, [Western Australian Public Sector Financial Statements – Better Practice Guide](#), OAG, 14 June 2021.

Best practice entities

We rate entities on their financial reporting practices which is measured against the following criteria:

- timeliness of CEO-certified financial report
- quality of financial report (financial statements and notes)
- quality of working papers that support the financial report
- management resolution of accounting matters
- key staff availability during the audit
- number and significance of management letter findings
- clear opinion with no EoM or other audit report modifications.

We congratulate the entities we rated as the top 20 achievers for 2023-24.

Best practice top 20 entities	
<ul style="list-style-type: none"> • City of Albany* • Town of Bassendean • Shire of Beverley* • Shire of Brookton* • Shire of Chapman Valley • Shire of Christmas Island • Shire of Cue* • Shire of Dardanup* • Shire of Denmark* • Shire of Dumbleyung* 	<ul style="list-style-type: none"> • Shire of Esperance* • Shire of Exmouth • Shire of Irwin* • Shire of Lake Grace • Shire of Menzies • Shire of Mundaring • Shire of Murray • Shire of Perenjori* • Shire of Three Springs* • City of Vincent

Source: OAG

* Indicates entities which received best practice in the 2022-23 report.

Table 3: Best practice entities for 2023-24

Certifications

Since November 2024⁵, we completed 14 certifications on Roads to Recovery Program, Local Roads and Community Infrastructure Program, and Deferred Pensioner Claim. All of these were clear certification opinions. Appendix 8 includes a full listing of certifications issued.

Control weaknesses

Control environment

We reported a total of 865 control findings in 2023-24 which is a reduction from the prior year (1,191 control findings). These are made up of 512 financial management issues (2022-23: 718) and 353 information system (IS) control issues (2022-23: 473).

An entity's control environment includes the governance and management functions and the attitudes, awareness and day-to-day actions that contribute to the internal control practices of

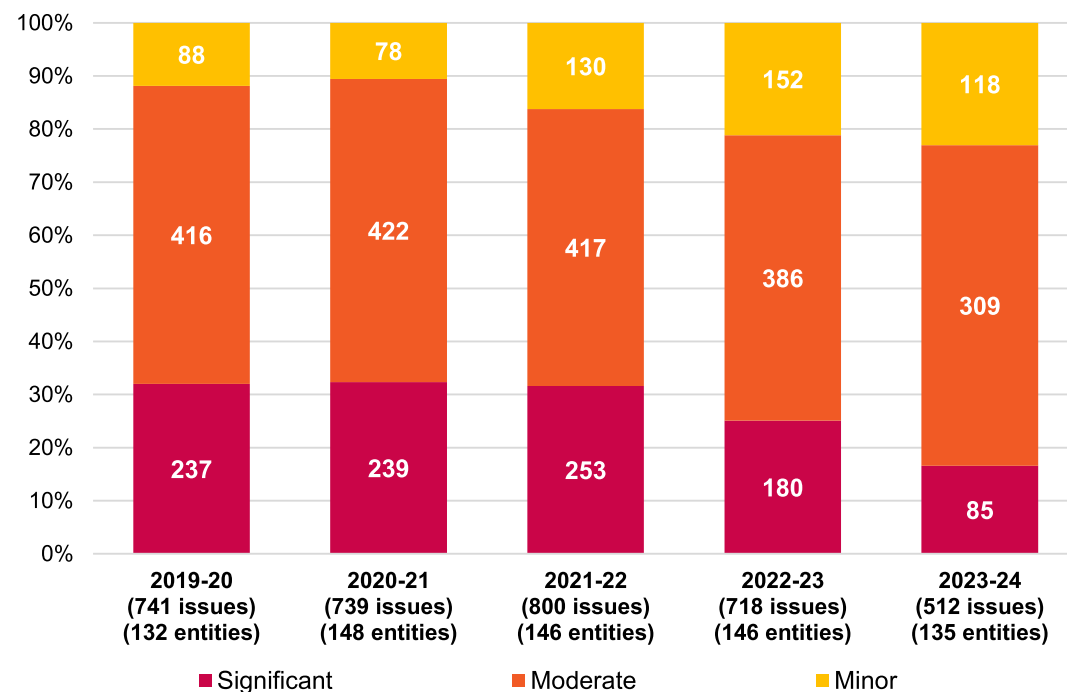
⁵ Certifications prior to November 2024 have been included in previously tabled financial audit results reports, most recently within the *Universities and TAFEs 2023 - Financial Audit Results* report tabled on 5 December 2024.

importance to the entity. A control environment with adequate systems, processes and people reduces the risk of error and fraud, and provides assurance to management, council and auditors that financial reports are materially correct. We assess each entity's control environment during our risk assessment procedures. We report details of weaknesses in the environment to entities. The main themes of these weaknesses are discussed in further detail below. We reported in detail the IS control findings in a separate report to Parliament⁶.

Financial management controls

We alerted 119 entities to 512 financial management control weaknesses across our three risk categories (Figure 4) compared with 718 weakness reported to 132 entities in 2023. The total number of findings is tracking lower than in recent years. These numbers will increase once the 12 outstanding entities are finalised; however, we don't expect the increase in number of findings to be greater than that reported in 2022-23. Importantly, the number of significant issues raised continued on a downward trend in 2023-24.

Definitions of our finding risk ratings can be found at Appendix 10.



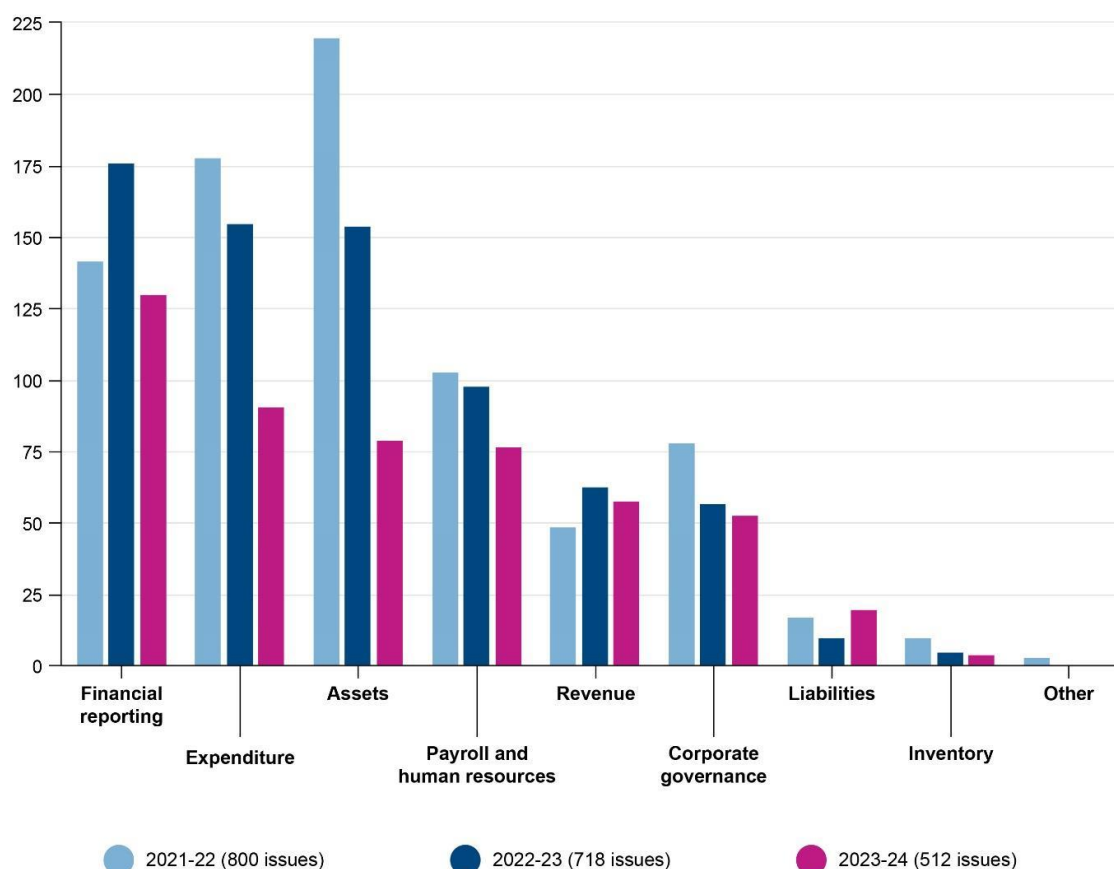
Source: OAG

Note: number of entities is the total number of entities audited by OAG for that year.

Figure 4: Proportion of control weaknesses reported to management in each risk category and comparative ratings of the control weaknesses

⁶ Office of the Auditor General, [Local Government 2023-24 - Information Systems Audit Results](#), OAG, 11 April 2025.

As can be seen in Figure 5, financial reporting has become the largest area of concern. There has been a large drop in assets management issues this can be attributed in part to regulatory relief for the sector and in part to the work entities have done to clear some of their longstanding issues.



Source: OAG

Figure 5: Financial management control issues reported to entities

Financial reporting

We raised 130 (2022-23: 176) issues at 67 (2022-23: 80) entities relating to their financial reporting procedures. Of the 130 issues, 38 were unresolved from the prior year and 28 were rated as significant.

Twenty-one per cent of issues (28 issues) related to bank reconciliations. We found reconciliations were not being performed or not being performed in a timely manner, not being reviewed and reconciling items being long outstanding. Bank reconciliations are a key financial management control and without a good reconciliation process financial reports are prone to errors and fraud may go undetected.

Fifteen per cent of issues (20 issues) related to general ledger reconciliations (not of a bank nature) and journal entries. Where balances in the finance system are not regularly reconciled to sub-systems there is an increased risk of errors in financial reporting. While accounting journal entries are a standard practice at all entities, they are a high-risk area from an auditor's perspective, as adjustments can change previously approved and posted transactions. Key controls over journal entries include segregation between journal posters and approvers, and appropriate review processes. Without these controls there is an increased risk of errors within the financial report and an increased risk of fraud. Generally these findings can be easy to correct with the implementation of regular reconciliation and

review processes and journal entry controls. We look forward to the results of the 2024-25 audit to see if these findings have been corrected.

The financial report submitted to audit should be supported by reconciliations and working papers of a high quality. Entities should document the procedures for producing the financial report to ensure business continuity in the event of staff changes. The financial report should be reviewed by the CEO and council or the audit committee to ensure its quality. Following this, the CEO should sign the financial report and submit it for audit. Further guidance for entities is available in our better practice guides accessible on our website⁷.

Expenditure

We reported 91 expenditure weaknesses to 57 entities in 2023-24, compared with 155 issues to 76 entities in 2022-23. Of these 91 weaknesses, 22 were unresolved from the prior year and 10 were rated as significant.

As was the case in previous years we found instances of purchase orders raised after the invoice date and entities not seeking enough quotes. Seeking an appropriate number of quotes is an important control in ensuring value for money. Purchases made without authorised purchase orders increase the risk of unauthorised spending. These issues made up 49.5% (45 findings) of our expenditure findings.

Credit card controls accounted for 23% (21 issues) of the findings. We found credit card policies that were outdated or not complied with, transactions not being appropriately reviewed or approved, and instances where invoices were paid which were not in the name of the entity. Our recent performance audit report, *Local Government Management of Purchasing Cards*⁸, contains insights about entities credit card usage and where controls can be strengthened in this area.

Poor procurement practices increase the risk of fraud. It also increases the risk that entities may not be obtaining the best value for money. Entities need fit for purpose controls and processes that operate effectively to help mitigate against procurement risks.

Asset management

We identified 79 findings at 50 entities compared with 154 findings at 84 entities in 2022-23. Of the 79 findings, 24 were prior year findings which have not been resolved and 24 were rated as significant. In 2022-23, most findings related to entities not revaluing their assets with sufficient regularity; however, in 2023-24 this is no longer the most prevalent issue. The reason for this is regulatory relief for entities around the regularity with which valuations need to occur, reducing from annual reviews to being every five years. We do anticipate that in revaluation years the number of asset management findings will increase.

In 2023-24, most asset management findings related to depreciation and reconciliations (19 issues each). Asset reconciliations are vitally important to ensure the asset records are appropriately recognised in the financial system as without appropriate reconciliation processes ownership status of assets can be difficult to ascertain or owned assets can be lost from records. Depreciation impacts on both asset carrying amounts and expenditure. Where assets are not depreciated or depreciation rates are inappropriate, reported asset carrying amounts will not be correct.

Due to the value of assets owned by most entities (namely property and infrastructure), anomalies in any one or more of the above factors can easily lead to qualifications of audit

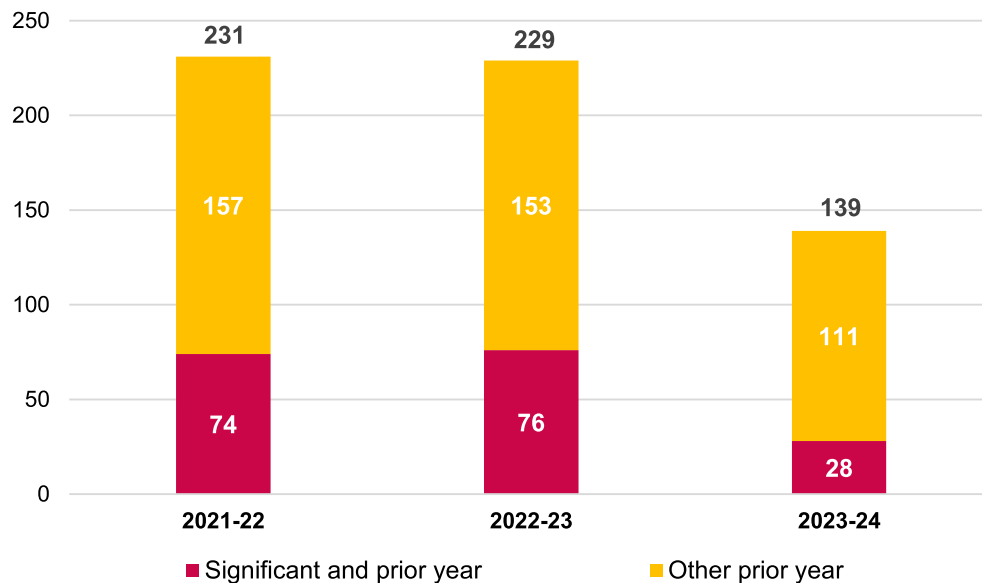
⁷ Office of the Auditor General, [Audit Readiness – Better Practice Guide](#), OAG website, 30 June 2023 and Office of the Auditor General, [Western Australian Public Sector Financial Statements – Better Practice Guide](#), OAG website, 14 June 2021.

⁸ Office of the Auditor General, [Local Government Management of Purchasing Cards](#), OAG website, 12 June 2024.

opinions. It is important that entities remain alert to these issues and ensure their assets are appropriately valued, depreciated and reconciled each year.

Findings unresolved from prior year

For 2023-24, 139 financial management control findings raised across 67 entities (2022-23: 229 findings across 87 entities) remain unresolved from prior years. This represents 27% (2022-23: 34%) of all current year findings. Of these, 20% (28 issues, 2022-23: 76 issues representing 33%) are significant, requiring urgent action.



Source: OAG

Figure 6: Prior year issues per year

The carry over findings mainly relate to financial reporting, assets and payroll. Common themes were:

- reconciliations were not performed regularly for assets and other balance sheet items
- poor procurement practices, including around the purchase of assets
- employees with excessive annual leave balances, considered to be balances larger than 8 weeks, represent a large liability to their employer. Findings also related to the accuracy and completeness of employee leave balances.

It is unfortunate that these issues remain outstanding. Issues add to audit time and costs. Entities need to prioritise fixing these issues.

Information system controls

By 31 December 2024 we had reported 353 information system control weaknesses to 87 entities compared with 473 issues at 76 entities in 2023-24. This represents a significant improvement across the sector since our previous years' audit.

The number of significant findings also fell; however, half of them were unresolved issues from the prior year. Information and cyber security continue to be the area of highest concern. It was encouraging to see entities on a journey to implement better practice cyber security controls, which will help them address audit findings.

Computer controls included in information systems form part of the entity's control environment. The auditing standards require us to assess each entity's control environment inclusive of computer controls as part of risk assessment procedures. Entities rely on information systems to deliver a wide range of services. These are essential to processing and storing data and producing financial reports. We assess the general computer controls to determine if entities' computer controls effectively support the preparation of financial reports, delivery of key services, and the confidentiality, integrity and availability of information systems.

We reported in detail the IS control findings in a separate report to Parliament⁹.

Continuous improvement opportunities

There are opportunities for entities and DLGSC to work together to address some areas of accounting and reporting complexity that continues to be challenging for entities. We found entities with commercial operations could provide greater clarity around their operations. Entities found assets previously owned (usually gifted by developers) but had not been previously included in their financial reports, and we found the revaluation and recognition of certain assets continues to be an area of inconsistency across the sector. We continue to see entities requiring support with accounting for their rehabilitation provisions and the impact of outsourcing on financial reporting capacity in the regions. These major areas for improvement are discussed in further detail below.

Commercial operations

The *Local Government Act 1995* (the Act) prescribes the accounting for and presentation of fees and charges. However, the prescripts for fees and charges are not suited to pricing mechanism for commercial operations. For example, the Act has conditions that entities must adhere to in the pricing of goods, and changes to prices. Prices are to be included in the budget, requiring an absolute majority of council to approve changes and every time prices need to change, the entity must give notice to the local public of the intention to change prices. For commercial operations which require regular price and product changes, this is not practical. Examples of such commercial operations include general stores, airports, accommodation facilities, post offices or golf pro shops. We also think it is important that the nature of these transactions are reflected as sales of goods and services as that is their true nature. DLGSC should consider if this part of the Act needs to be reviewed or if entities could benefit from guidance on the accounting treatment and disclosure expected for commercial operations.

Fixed assets

Valuations

As part of our recommendations last year, we suggested DLGSC provide guidance on valuations. DLGSC is still in the process of developing a guide to assist entities when revaluing assets. We understand the guide will cover topics such as valuation methodologies, scope of works and assumptions used in the valuation process. As such, the guide is an important tool to help entities improve their processes and increase the consistency of judgements and decisions around the assumptions driving valuation outcomes, making the valuations more reliable. DLGSC advised the guide had been shared with other jurisdictions in Australia for their input and feedback before finalisation, which is expected to be before 30 June 2025. This guide will be especially important for years when entities are required to revalue their assets (currently every five years) which typically results in increased audit findings on assets.

⁹ Office of the Auditor General, [Local Government 2023-24 - Information Systems Audit Results](#), OAG, 11 April 2025.

Recognition of assets

Last year we reported on the inconsistent accounting for crossovers, turf and shrubbery across the sector and recommended DLGSC provide some guidance in this area. There is no technical right or wrong accounting treatment so we have continued to accept the treatment entities have disclosed in their annual report. We still consider the sector could benefit from clear guidance from DLGSC on the accounting treatment for these items to ensure consistency across the sector. DLGSC initially included guidance on accounting for crossovers, turf, garden/trees in the Non-Financial Asset Valuation Guidelines. However, in consultation with this Office in October 2024, it was suggested that DLGSC consider further consultation with other jurisdictions on these, and that it may be best to include it in a later version. DLGSC advises that subject to further review, the section of the guidelines on specific asset types, specifically shrubbery (including trees) and crossovers, is to be considered in the next iteration.

Found assets

An area of concern for 2023-24 was assets found in the current year that related to previous years, these were largely responsible for the increase in prior year restatements for 2023-24 as compared to 2022-23. These assets generally related to assets gifted to entities by developers as part of subdivisions. Entities need to ensure that any gifted assets are entered into both their financial records and asset register, at appropriate values, in the financial year that they are received. Entities need to conduct regular asset counts and verifications, to ensure that all their owned assets are recorded in the asset register.

Some entities outsource the counting and verification process to their valuers, while others carry out the work themselves. Without surety on the completeness of asset records the true value of assets owned by an entity cannot be ascertained or audited.

Errors

For 2023-24, we had a slight increase in the number of EoM paragraphs relating to prior period errors. Entities that find material errors relating to previous years, such as found assets, are required to amend this and disclose a prior period error. Material prior period errors can also arise via many other means. These errors require specific considerations and disclosures to be made, as prescribed in AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, which are often complex. Additionally, due to the rarity of such disclosures, entity staff may not have previous experience with such disclosures. We recommend entities liaise with us early, allowing us to review the proposed approach and draft disclosures and provide feedback earlier in the audit process. We also welcome any guidance from DLGSC via example disclosures and the process to follow to guide entities.

Rehabilitation provisions

Accounting for rehabilitation provisions is complex. Some entities lack the technical accounting capability to calculate and account for their rehabilitation provisions. In the absence of guidance on the recognition and ongoing measurement of rehabilitation provisions, we are often required to provide significant guidance to entities who simply do not understand the technical accounting aspects. LG Professionals has stepped in to assist in this area with a practical accounting guide presentation as part of their March 2025 conference. The presentation was based on a guide developed by the Queensland branch of the Local Government Finance Professionals. The DLGSC should consider if these existing guides can be localised to consider Western Australian specific legislation.

Differential reporting and reduced disclosure requirements

As a result of DLGSC simplifying financial reporting requirements in 2022-23 we have noted a decrease in audit findings on assets. The simplification of reporting requirements is consistent with what our Office has been advocating for and reporting on for some time. The change meant smaller entities are no longer required to comply with various disclosure requirements.

DLGSC removed the requirements for all entities to report information in their financial reports on fees and charges, discounts and some other items. A list of amendments is available on the DLGSC website¹⁰. DLGSC also moved some financial report disclosure requirements to annual report only disclosures, so these are not audited. All were important contributions to reduce the financial reporting burden on entities.

The role of outsourcing in financial reporting

We continue to see entities outsource areas of their finance operating function to accounting firms. The outsourced work includes all areas of financial reporting, including preparation of reports, accounting policies, business valuations and everyday accounting such as preparation of monthly reconciliations and reporting to council. Outsourcing can be beneficial, as it allows entities to tap into a specialist skill set and helps overcome their resource constraints.

There are downsides of outsourcing. Our teams often find management are not sufficiently informed on their own accounting policies or areas of judgement within their financial report. Further, where outsourcing agreements do not include a transfer of knowledge to entity staff, there is a missed opportunity for local government staff development and upskilling. Audit teams are often left to conduct the audit with the assistance of the outsourced financial report provider with minimal entity involvement.

The key to a successful outsourcing arrangement is a strong management presence to connect the service providers, audit teams, operations and council. Early engagement, planning and close contract management are vital. Responsibility to provide information for audit rests with entities, this cannot be outsourced. Effective oversight ensures a smoother process with no surprises. It also contributes to lower audit costs and more timely reporting.

Accounting standard changes

There are changes to AASB 13 *Fair Value Measurement* impacting entities in 2024-25 for the first time. These changes are significant for the sector. The updated standard confirms an asset's current use is presumed to be the highest and best use unless its sale or an alternative use is highly probable¹¹. Valuations of restricted use land should therefore generally discount the value of the land for the current use restrictions in place.

The updated AASB 13 also clarifies the costs to be considered when measuring fair value under the cost approach, which is frequently used to value infrastructure (e.g. roads) as these are not actively bought and sold in an open marketplace. The standard confirms 'once-off' costs, such as professional and project management fees, should be included in the calculation of replacement cost when it is reasonable to do so. The changes help ensure consistency in the measurement of fair value for not-for-profit public sector entities.

¹⁰ Department of Local Government, Sport and Cultural Industries, [Local Government Regulations Amendment Regulations 2023](#), DLGSC website, 13 July 2023.

¹¹ To be highly probable, the alternative use needs to be physically possible, legally permissible and financially feasible. This also requires that management must be committed to the alternative use with an implementation plan in place and relevant approvals for change in use of the asset.

As previously indicated, DLGSC is currently working on a valuation guide which should include these requirements. In the interim, the DLGSC released a LG Alert in July 2023¹² addressing the changes required by AASB 13.

The role of outsourcing in delivering OAG audits

The outsourcing of audits is critical to the operation of our office. It has many benefits including to meet periods of peak demand and provide access to specialist skills found in the private sector. Outsourcing is common practice across jurisdictions, both within and outside Australia. It also allows us a unique opportunity to benchmark our audit quality and efficiency with private audit firms.

We maintain oversight of our contract audit firms, reviewing their audit files including key audit judgements to maintain a high level of quality and consistency across the sector. We also engage with entities throughout the audit process including attending key meetings. Entity opinions are signed by our office and are included as part of our whole of sector reporting, such as this report.

The number of audits we outsource has increased in recent years. This is due in part to a tight labour market which makes it difficult to attract and retain audit talent. This year we outsourced additional audits to increase capacity while we rolled out our new methodology and audit tool across all of our audits. For 2023-24, we outsourced 92% of local government entities. Over the next five years we plan to progressively increase the number of local government sector audits we conduct in-house to reach our outsourcing target of 80%.

Future audits

With the growing prevalence and availability of AI (artificial intelligence) and analytics tools, we are investigating new tools and techniques to assist with our audits. We approach these opportunities in a balanced way to gain benefits with minimal risk.

Our internal Strategic Business Intelligence team is working in unison with our audit teams to trial new techniques and products. Successful trials will be considered for rollout across our audits in future years. Before we implement the use of AI or AI based audit tools, we consider the implications on data integrity and data security, continuing to ensure any data we receive from entities is securely dealt with.

We expect to gain efficiencies in this space to assist with containing audit costs. We will share our insights with the sector as they arise.

For AI to be used by entities, there must be an understanding of what will be generated by it and how that information is planned to be used (e.g. for key decision making). If the use of AI will be generating or influencing information we ultimately need to audit, an appropriate evidential and auditable trail will need to be retained. There are also relevant security of information aspects to consider. We recommend entities liaise with the OAG, preferably before using AI, to clarify planned use, controls instituted around its use, implications for the entity and the audit process.

Timely communication of audit fees

In late 2023 we deferred the completion of tenders for outsourced audits to enable us to focus on outstanding local government financial audits. This was important to enable us to sign-off as many entities audit reports as possible by the end of 2023. We acknowledge the unintended consequence of this decision was significantly delayed timing of our 2023-24

¹² Department of Local Government, Sport and Cultural Industries, [Fair Value Measurement of Non-Financial Assets for local governments](#), DLGSC website, 23 July 2023.

indicative fee notifications that did not give entities sufficient time to implement initiatives to mitigate the impact of the increases. In hindsight we realise we should have communicated to entities the timing of fee communication as well as anticipated fee impact earlier.

In September 2024, the Auditor General, accompanied by various OAG representatives, appeared before the Legislative Council's Standing Committee on Estimates and Financial Operations (EFOC) on the matter of audit fees and other aspects of OAG operations. EFOC took this opportunity to express concerns raised on various matters regarding local government audit fees¹³. This was an important exercise in accountability for the Auditor General and OAG.

This process provided us with valuable feedback and highlighted the need for timeliness and additional transparency with our fee communication. In response we developed an infographic¹⁴ (Appendix 11) on how we set and benchmark our audit fees.

We are committed to completing our tender processes in December each year and complete our audit risk assessment analysis at the completion of each year's audit with the intention to have the fee setting process finalised by 31 March each year.

As a cost recovery agency, our audit fee revenue must cover any difference between our appropriation funding from Parliament and the costs of running our office, therefore with increased costs we must increase our audit fees.

Audit fees reflect a variety of cost drivers:






- labour market pressures across the auditing profession as well as the public sector
- increasing audit contractor fees
- changes in auditing and accounting standards leading to increased audit effort
- audit readiness and ability of entity staff to handle audit queries
- complexity of issues being encountered at entities
- inflationary impact on general expenses including IT, travel and other supplies.




We are committed to driving efficiencies in our processes wherever possible. For our contract audits we use market pressures of tendering to encourage competitive audit fees, and we are seeking efficiencies through tightly focussed audit planning using our new audit methodology for in-house audits. However, we do anticipate cost pressures to continue in the near to medium term.

¹³ A broadcast of this consultation is available on the Parliament of Western Australia website, [Estimates and Financial Operations Committee Consultation with the Auditor General](#), 23 November 2022.

¹⁴ Office of the Auditor General, [Information on local government fees](#), OAG website, December 2024.





















Appendix 1: Status and timeliness of audits

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























































Financial report timeliness – audit ready submissions*	
Received financial report by statutory deadline of 30 September 2024 and assessed audit ready	
Received an extension from DLGSC to the statutory deadline and met this extension with audit ready financial report	
Extension or statutory deadline was not met with audit ready financial report	

* Financial report initially provided may not be of a quality that is audit ready. The icon in the table below reflects the date we assessed the financial report as audit ready.

Entities listed in alphabetical order with opinion type, opinion date and audit ready financial report submission status.

	Entity	Band	Type of opinion	Opinion issued	Audit ready submission of financial report*
1	Bunbury-Harvey Regional Council	Other		05/12/2024	
2	Catalina Regional Council	Other		30/09/2024	
3	City of Albany	1		11/12/2024	
4	City of Armadale	1		13/12/2024	
5	City of Bayswater	1		02/12/2024	
6	City of Belmont	1		28/11/2024	
7	City of Bunbury	1		19/11/2024	
8	City of Busselton	1		08/11/2024	
9	City of Canning	1		06/12/2024	
10	City of Cockburn	1		05/12/2024	

	Entity	Band	Type of opinion	Opinion issued	Audit ready submission of financial report*
11	City of Fremantle	1	✓	03/12/2024	📄
12	City of Gosnells	1	✓	04/12/2024	📄
13	City of Joondalup	1	✓	19/11/2024	📄
14	City of Kalamunda	2	✓	08/11/2024	📄
15	City of Kalgoorlie-Boulder	1	✓	10/12/2024	📄
16	City of Karratha	1	✓	13/12/2024	📄
17	City of Kwinana	1	✓	04/12/2024	📄
18	City of Mandurah	1	✓	10/12/2024	📄
19	City of Melville	1	✓	04/12/2024	📄
20	City of Perth	1	✓	28/11/2024	📄
21	City of Rockingham	1	✓	29/10/2024	📄
22	City of South Perth	2	✓	12/11/2024	📄
23	City of Stirling	1	✓	17/12/2024	📄
24	City of Subiaco	2	✓	13/11/2024	📄
25	City of Swan	1	✓	19/11/2024	📄
26	City of Vincent	2	✓	18/11/2024	📄
27	City of Wanneroo	1	✓	26/11/2024	📄
28	Eastern Metropolitan Regional Council	Other	✓	09/10/2024	📄
29	Mindarie Regional Council	Other	✓	14/11/2024	📄
30	Murchison Regional Vermin Council	Other	✓	18/12/2024	📄
31	Resource Recovery Group	Other	⚡	25/11/2024	📄
32	Rivers Regional Council	Other	✓	11/12/2024	📄
33	Shire of Ashburton	2	✓	06/12/2024	📄
34	Shire of Augusta-Margaret River	2	✓	12/11/2024	📄
35	Shire of Beverley	4	✓	01/11/2024	📄
36	Shire of Boddington	4	✓	06/12/2024	📄
37	Shire of Boyup Brook	4	✗	19/12/2024	📄

	Entity	Band	Type of opinion	Opinion issued	Audit ready submission of financial report*
38	Shire of Brookton	4		09/12/2024	
39	Shire of Broome	2		09/12/2024	
40	Shire of Broomehill-Tambellup	4		12/12/2024	
41	Shire of Bruce Rock	4		18/12/2024	
42	Shire of Capel	3		29/11/2024	
43	Shire of Carnamah	4		09/12/2024	
44	Shire of Carnarvon	2		11/12/2024	
45	Shire of Chapman Valley	4		10/12/2024	
46	Shire of Chittering	3		11/12/2024	
47	Shire of Christmas Island	3		02/12/2024	
48	Shire of Cocos (Keeling) Islands	4		23/12/2024	
49	Shire of Coorow	4		05/12/2024	
50	Shire of Corrigin	4		18/12/2024	
51	Shire of Cranbrook	4		16/10/2024	
52	Shire of Cuballing	4		13/12/2024	
53	Shire of Cue	4		04/12/2024	
54	Shire of Cunderdin	4		05/12/2024	
55	Shire of Dalwallinu	3		21/11/2024	
56	Shire of Dandaragan	3		09/12/2024	
57	Shire of Dardanup	3		15/11/2024	
58	Shire of Denmark	3		18/10/2024	
59	Shire of Derby-West Kimberley	2		12/12/2024	
60	Shire of Donnybrook Balingup	3		20/11/2024	
61	Shire of Dowerin	4		14/11/2024	
62	Shire of Dumbleyung	4		28/11/2024	
63	Shire of East Pilbara	2		10/12/2024	
64	Shire of Esperance	2		31/10/2024	

	Entity	Band	Type of opinion	Opinion issued	Audit ready submission of financial report*
65	Shire of Exmouth	3	✓	27/11/2024	📄
66	Shire of Gingin	3	✓	20/11/2024	📄
67	Shire of Gnowangerup	4	✓	15/11/2024	📄
68	Shire of Goomalling	4	✗	12/12/2024	📄
69	Shire of Harvey	2	✓	28/11/2024	📄
70	Shire of Irwin	3	✓	19/12/2024	📄
71	Shire of Jerramungup	4	✓	15/11/2024	📄
72	Shire of Katanning	3	✓	17/12/2024	📄
73	Shire of Kellerberrin	4	✓	05/12/2024	📄
74	Shire of Kent	4	✗ ✓	16/12/2024	📄
75	Shire of Kojonup	3	✓	20/12/2024	📄
76	Shire of Kondinin	4	✓	06/12/2024	📄
77	Shire of Koorda	4	✓	28/11/2024	📄
78	Shire of Kulin	4	✓	06/12/2024	📄
79	Shire of Lake Grace	4	✓	02/12/2024	📄
80	Shire of Laverton	3	✓	06/12/2024	📄
81	Shire of Leonora	3	✓	05/12/2024	📄
82	Shire of Manjimup	2	✓	20/11/2024	📄
83	Shire of Meekatharra	3	✓	04/12/2024	📄
84	Shire of Menzies	4	✓	06/11/2024	📄
85	Shire of Merredin	3	✓	05/12/2024	📄
86	Shire of Mingenew	4	✓	06/12/2024	📄
87	Shire of Moora	3	✓	19/12/2024	📄
88	Shire of Morawa	4	✓	02/12/2024	📄
89	Shire of Mount Magnet	4	✗ ✓	25/11/2024	📄
90	Shire of Mount Marshall	4	✓	11/12/2024	📄
91	Shire of Mukinbudin	4	✓	18/12/2024	📄

	Entity	Band	Type of opinion	Opinion issued	Audit ready submission of financial report*
92	Shire of Mundaring	2	✓	02/12/2024	📄
93	Shire of Murchison	4	✓	28/11/2024	📄
94	Shire of Murray	2	✓	04/12/2024	📄
95	Shire of Narembeen	4	✓	05/12/2024	📄
96	Shire of Narrogin	3	✓	22/11/2024	📄
97	Shire of Ngaanyatjaraku	4	✓	10/12/2024	📄
98	Shire of Northam	2	✓	04/12/2024	📄
99	Shire of Northampton	3	✓	13/12/2024	📄
100	Shire of Nungarin	4	✓	11/12/2024	📄
101	Shire of Peppermint Grove	4	✓	29/11/2024	📄
102	Shire of Perenjori	4	✓	05/12/2024	📄
103	Shire of Pingelly	4	✓	27/11/2024	📄
104	Shire of Plantagenet	3	✓	11/12/2024	📄
105	Shire of Quairading	4	✓	04/12/2024	📄
106	Shire of Ravensthorpe	3	✓	09/12/2024	📄
107	Shire of Sandstone	4	✓	17/12/2024	📄
108	Shire of Serpentine-Jarrahdale	2	✓	18/12/2024	📄
109	Shire of Shark Bay	4	✓	13/12/2024	📄
110	Shire of Tammin	4	✓	12/12/2024	📄
111	Shire of Three Springs	4	✓	05/12/2024	📄
112	Shire of Trayning	4	✓	13/12/2024	📄
113	Shire of Upper Gascoyne	4	✓	19/12/2024	📄
114	Shire of Victoria Plains	4	✓	28/12/2024	📄
115	Shire of Wagin	4	✓	18/11/2024	📄
116	Shire of Wandering	4	✓	11/12/2024	📄
117	Shire of Waroona	3	✓	02/12/2024	📄
118	Shire of West Arthur	4	✓	06/12/2024	📄

	Entity	Band	Type of opinion	Opinion issued	Audit ready submission of financial report*
119	Shire of Westonia	4		18/12/2024	
120	Shire of Williams	4		5/12/2024	
121	Shire of Wiluna	4		17/12/2024	
122	Shire of Wongan-Ballidu	4		29/11/2024	
123	Shire of Woodanilling	4		11/11/2024	
124	Shire of Wyalkatchem	4		25/11/2024	
125	Shire of Wyndham-East Kimberley	2		6/12/2024	
126	Shire of Yilgarn	3		13/12/2024	
127	Shire of York	3		13/12/2024	
128	Town of Bassendean	3		11/12/2024	
129	Town of Cambridge	2		18/12/2024	
130	Town of Claremont	3		09/12/2024	
131	Town of East Fremantle	3		06/12/2024	
132	Town of Mosman Park	3		09/12/2024	
133	Town of Port Hedland	1		16/12/2024	
134	Town of Victoria Park	2		11/12/2024	
135	Western Metropolitan Regional Council	Other		18/10/2024	

Source: OAG

Opinion type by entity band allocations

Band of entity	Number of entities	Opinions issued	Clean opinions	Qualifications or other modifications	Opinions including EoM paragraphs
Band 1	23 (23)	22 (23)	21 (22)	1 (1)	4 (6)
Band 2	21 (21)	20 (21)	20 (20)	0 (1)	4 (4)
Band 3	35 (35)	29 (35)	29 (31)	0 (4)	4 (3)
Band 4	60 (60)	56 (59)	51 (51)	5 (8)	5 (3)
Other (e.g. councils)	8 (8)	8 (8)	7 (7)	1 (1)	1 (1)
Total	147 (147)	135 (146)	128 (131)	7 (15)	18 (17)

Source: OAG

Notes: 2022-23 numbers included in brackets.

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

Entity	Extension date
City of Nedlands	9 December 2024
Shire of Bridgetown-Greenbushes	31 October 2024
Shire of Collie	31 October 2024 31 March 2025
Shire of Donnybrook Balingup	31 October 2024
Shire of Dundas	23 October 2024
Shire of Gnowangerup	18 October 2024
City of Greater Geraldton	31 January 2025
Shire of Halls Creek	28 February 2025
Shire of Kojonup	31 October 2024
Shire of Merredin	14 October 2024
Shire of Narrogin	21 October 2024
Shire of Northampton	25 October 2024
Shire of Quairading	4 October 2024
Shire of Toodyay	31 October 2024
Shire of Wickepin	11 October 2024
Shire of Wongan-Ballidu	18 October 2024
Town of Cottesloe	31 October 2024

Source: DLGSC

Appendix 3: Outstanding audits at 31 December 2024¹⁵

Entity	Balance date	Reason for delay
City of Greater Geraldton	30 June 2024	The City changed their financial system during the year and due to data migration complexities the City requested an extension to 31 January 2025 from DLGSC to submit their financial report. The audit was completed on 28 March 2025.
City of Nedlands	30 June 2024	The City requested an extension from DLGSC to provide their financial report to the auditors on 9 December 2024. This was due to time needed to address the matters giving rise to the disclaimer of opinion in 2022-23. We are expecting to sign this audit in the first half of 2025.
Shire of Bridgetown-Greenbushes	30 June 2024	The Shire had staffing issues which meant that although they produced financial statements, certain areas were found to be incorrect. The audit was put on pause to enable these areas to be corrected. The audit was completed on 4 April 2025.
Shire of Collie	30 June 2024	The Shire had staffing issues which meant they were unable to produce financial statements by 30 September 2024. Consequently the Shire requested an extension from DLGSC to provide their financial report to the auditors on 31 December 2024. We are expecting to sign this audit in the first half of 2025.
Shire of Coolgardie	30 June 2024	The Shire requested the audit be put on pause until early 2025 to provide them time to provide outstanding audit information. This extension was due to staff changes at the executive level and to allow the Shire to address other urgent operational matters. The audit has recommenced with expected sign-off in May 2025.
Shire of Dundas	30 June 2024	The audit was delayed due to challenges related to the acquisition of a local business during the financial year and staffing issues due to the remote location. The audit was completed on 9 April 2025.
Shire of Halls Creek	30 June 2024	The 2023 audit was not completed until late April 2024. The Shire obtained an extension for provision of the financial report to 28 February 2025 and met this deadline. The 2024 audit has since commenced.
Shire of Nannup	30 June 2024	Our audit of the revaluation completed during the year identified that some assets were missed. The Shire chose to arrange for a new valuation resulting in a need to pause the audit while this occurred. The audit was completed on 4 February 2025.
Shire of Toodyay	30 June 2024	As evidenced in the previous three audits, the Shire continued to lack the ability to undertake and provide the required information for audit purposes in a timely manner, causing significant audit delays. The audit is expected to be completed in the first half of 2025.

¹⁵ Date of report cut-off.

Entity	Balance date	Reason for delay
Shire of Wickepin	30 June 2024	On review of the infrastructure revaluation completed during the year it was noted that an asset class was missed. The Shire requested the audit be put on pause while they arranged a new valuation. The audit was completed on 14 February 2025.
Shire of Yalgoo	30 June 2023 and 30 June 2024	These audits have been delayed due in part to the 30 June 2022 audit only being completed in May 2024. There have been continued delays in the provision of outstanding audit information required from management to finalise the audits of both years. These audits are expected to be signed off in the first half of 2025.
Town of Cottesloe	30 June 2024	On review of a fair value valuation, there were queries around a 2022/23 valuation which required the Town to revert to their valuer, requiring the audit be put on pause until January 2025 to facilitate this. The audit was completed on 14 February 2025.

Source: OAG

Appendix 4: 2023-24 Qualified opinions

Entity	Details of qualification
Shire of Boyup Brook	Biological assets We were unable to obtain sufficient and appropriate audit evidence for biological assets, as disclosed in note 7 in the financial statements, as the Shire did not provide us with adequate information to support the year-end stocktake of biological assets or the movements of biological assets during the year. We could not confirm biological assets by alternative means. Consequently, we were unable to determine whether any adjustments to the biological assets reported at a carrying value of \$158,702 or the net result for 30 June 2024 were necessary.
Shire of Goomalling	Infrastructure The opinion in the prior year was qualified because infrastructure asset classes of roads, drainage and footpaths as disclosed in note 8(a) of the financial report as at 30 June 2023 with the carrying values of \$40,811,938, \$2,153,484 and \$770,060 respectively, had not been revalued as required by the regulations. The Shire was unable to correct these prior year figures in the current year. Consequently, the opinion on the current year financial report is also modified because of the possible effects of this matter on the comparability of the current period's figures and the corresponding figures.
Shire of Kent	Infrastructure The opinion in the prior year was qualified because other infrastructure assets as disclosed in note 9(a) of the financial report as at 30 June 2023 with a carrying value of \$4,867,091 had not been revalued as required by the regulations. The Shire was unable to correct these prior year figures in the current year. Consequently, the opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.
Shire of Mount Magnet	Infrastructure The opinion in the prior year was qualified because other infrastructure asset classes of parks and gardens, aerodromes and other reported at the carrying values of \$862,215, \$2,787,963 and \$4,584,744 respectively as at 30 June 2023, had not been revalued as required by the regulations. The Shire was unable to correct these prior year figures in the current year. Consequently, the opinion on the current year financial report is modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures in note 9 of the financial report.
Shire of Westonia	Infrastructure The opinion in the prior year was qualified because Infrastructure assets as disclosed in note 9(a) of the financial report as at 30 June 2023 with a carrying value of \$43,562,879 had not been revalued as required by the regulations. The Shire was unable to correct these prior year figures in the current year. Consequently, the opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.
Town of Port Hedland	Infrastructure assets valuations The Town did not recognise 670 (2023:797) infrastructure assets with a value of \$17,371,521 (2023: \$25,112,117) in accordance with the Regulation 17A(2)(a) of the Local Government Financial Management Regulations 1996, as these assets could not be located due to weaknesses in the asset management system. The assets were instead adjusted to a nil carrying value while still being in use and accounted for in the asset register. We were unable to determine the impact on the net carrying amount of infrastructure assets and the consequential impact on retained earnings, revaluation reserves, depreciation and net surplus

Entity	Details of qualification
	<p>for the year, as it is impracticable to do so. In addition, the opinion in the prior year was qualified because drainage and other infrastructure assets, reported at a carrying value of \$33,243,203 and \$47,582,860 as at 30 June 2023 respectively in note 9 to the financial statements, were not all revalued as required by the regulations. The Town was unable to correct these prior year figures in the current year. Consequently, the opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.</p> <p>Investment property</p> <p>The opinion in the prior year was qualified because investment property as disclosed in note 12 of the financial report as at 30 June 2023 with the carrying value of \$45,027,262 had not been revalued as required by the regulations. The Town was unable to correct these prior year figures in the current year. Consequently, The opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.</p>

Source: OAG

Appendix 5: Prior year qualifications and disclaimers removed in 2023-24

Entity	Details of qualification or disclaimer
Shire of Katanning	<p>Qualification - Infrastructure</p> <p>Infrastructure amounting to \$159,205,524 in the statement of financial position as at 30 June 2023 has not been revalued with sufficient regularity, as required by Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 since 2017-18. Consequently, we were unable to determine the extent to which the carrying amount of Infrastructure is misstated, as it was impracticable to do so. Additionally, we are unable to determine whether there may be any consequential impact on the revaluation surplus as at 30 June 2023.</p> <p>Qualification - Buildings</p> <p>The buildings depreciation expense of \$1,016,090 reported in note 7(a) of the financial report for year ended 30 June 2023 did not reflect the expected pattern of the future economic benefits of these assets. The Shire did not update rates of depreciation for the year ended 30 June 2023. If the Shire had updated the rates, buildings depreciation would have increased by \$1,259,134. Buildings and retained surplus at 30 June 2023 would have decreased by \$1,259,134 and the net result for the period would have decreased by \$1,259,134.</p>
Shire of Plantagenet	<p>Qualification - Other Infrastructure and Parks and Oval – Comparability of Prior Period Figures</p> <p>The opinion in the prior year was qualified because the Shire did not value the 71 newly identified assets included under other infrastructure and parks and ovals at fair value in accordance with Regulation 17A(2)(a) of the Local Government (Financial Management) Regulations 1996. Other infrastructure and infrastructure - parks and ovals balances were reported in note 9(a) of the financial report at \$16,954,536 and \$6,792,411 respectively as at 30 June 2022. The Shire was unable to make the appropriate corrections for these prior year figures in the current year.</p> <p>Consequently, the opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures in note 9(a) of the financial report.</p>
Shire of Wiluna	<p>Qualification - Airport and Other Infrastructure Assets</p> <p>We qualified the revaluations of the Shire's airport and other infrastructure assets stated at \$5,353,146 and \$2,284,337 respectively in the prior year because they were not supported with appropriate and complete accounting records. The Shire has not made the appropriate corrections for these prior year figures in the current year. Consequently, the opinion on the current year financial report is modified because of the possible effect of this matter on the comparability of the current period's airport and Infrastructure figures in note 9 (a) and the corresponding figures of the financial report.</p>
Shire of Woodanilling	<p>Qualification - Building assets</p> <p>We qualified building assets stated at \$4,942,954 in the prior year because the Shire had not revalued its building assets with sufficient regularity or in accordance with Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996. The Shire has not made the appropriate corrections for this prior year figure in the current year. Consequently, the opinion on the current year financial report is modified because of the possible effect of this matter on the comparability of the current period's building asset figure in note 9 and the corresponding figure of the financial report.</p>

Source: OAG

Appendix 6: Emphasis of matter paragraphs included in auditor reports

Entity	Description of EoM paragraphs	Brief explanation
City of Kalgoorlie-Boulder	Restatement of comparative balances We draw attention to note 33 to the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The City conducted a comprehensive review of their land asset holdings and identified 36 lots of Crown land which had incorrectly been measured at fair value since 2022.
City of Kwinana	Restatement of comparative balances We draw attention to note 31 to the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The City identified \$12.5 million of developer contributed assets which had not been previously recognised in prior years.
City of Melville	Events occurring after the end of the reporting period We draw attention to note 21 to the financial report, which states that, following the end of the financial year ended 30 June 2024, the Council has resolved to extend the City's withdrawal from Resource Recovery Group by six months to 31 December 2025. The opinion is not modified in respect of this matter.	On 21 November 2023, the City resolved to withdraw from the Resource Recovery Group and all associated projects, effective 1 July 2025. On 17 September 2024, the City resolved to extend the withdrawal date to 31 December 2025.
City of Wanneroo	Restatement of comparative balances We draw attention to note 32 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The restatements relate to developer contribution plans, which had not been accounted for correctly.
Rivers Regional Council	Basis of accounting We draw attention to note 1 of the financial report, which discloses that the Council has decided to wind up Rivers Regional Council. Consequently, the financial report has been prepared on a liquidation basis. The opinion is not modified in respect of this matter.	The Council has decided to wind up Rivers Regional Council. Consequently, the financial report has been prepared on a liquidation basis as required under Accounting Standards. Accordingly, all assets and liabilities in the 2023-24 financial report have been classified as current.
Shire of Broome	Restatement of comparative balances We draw attention to note 29 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The Shire reviewed the accounting treatment of contributions from developers and noted certain projects and contribution types which should have been recognised as revenue in previous financial years.

Entity	Description of EoM paragraphs	Brief explanation
Shire of Katanning	Restatement of comparative balances We draw attention to note 26 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The 2022-23 financial report was qualified as infrastructure had not been revalued in line with regulatory timeframes and the buildings and depreciation charges were not accurately recognised. These matters were corrected in the 2023-24 and restated the 2022-23 financial report to accurately reflect the valuations.
Shire of Kent	Restatement of comparative balances We draw attention to note 28 to the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The Shire had incorrectly recognised fees collected on behalf of another agency as revenue and related payments as expenditure. The 2022-23 comparative balances were restated in the financial report to correct this.
Shire of Mingenew	Restatement of comparative balances We draw attention to note 29 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The Shire had incorrectly recognised fees collected on behalf of another agency as revenue and related payments as expenditure. The 2022-23 comparative balances in the financial report were restated to correct this.
Shire of Moora	Restatement of comparative balances We draw attention to note 29 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	<p>In 2022-23, the Shire acquired the land, building and infrastructure of the Moora Tennis Clubhouse in exchange of support of its operation. The assets were not recognised in the financial report at that time.</p> <p>An external valuation has now been obtained, and a correction was processed with 2022-23 balances being restated in the financial report in the current year.</p> <p>The Shire also received a fire truck from the Department of Fire and Emergency Services on 31 March 2022 as a grant at zero cost. The asset and related income was not recognised in 2022.</p> <p>A correction was processed, and the 2022-</p>

Entity	Description of EoM paragraphs	Brief explanation
		23 balances have been restated in the 2023-24 financial report.
Shire of Morawa	Restatement of comparative balances We draw attention to note 30 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The Shire had incorrectly recognised fees collected on behalf of another agency as revenue and related payments as expenditure in their financial report. The 2022-23 comparative balances were restated in the 2023-24 financial report to correct this.
Shire of Mount Magnet	Trade and other receivables We draw attention to note 5 of the financial report which describes an amount of \$766,793 in the Shire's rates and statutory receivables that is subject to Supreme Court determination. The opinion is not modified in respect of this matter.	Some of the Shire's reported rate revenue and receivables includes amounts which were objected by a rate payer. The objection was upheld by the State Administrative Tribunal and is now subject to a Supreme Court determination. The Shire recognised these amounts in their financial report as they were confident at the time that the determination when made, would be made in the Shire's favour.
Shire of Sandstone	Restatement of comparative balances We draw attention to note 25 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The Shire had incorrectly recorded trust funds as shire monies. These balances were restated in the 2022-23 comparatives in the 2023-24 financial report.
Shire of Serpentine-Jarrahdale	Restatement of comparative balances We draw attention to note 34 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	Infrastructure assets previously gifted to the Shire as part of land subdivisions had not been recognised in the financial report. During the 2023-24 year the Shire has investigated and identified the assets they believe to have been missed and these have been subsequently recognised in the financial report.
Shire of Yilgarn	Restatement of comparative balances We draw attention to note 29 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as	Subsequent to a revaluation in 2021-22, infrastructure assets had been moved to different categories and depreciation inconsistently applied. This

Entity	Description of EoM paragraphs	Brief explanation
	comparatives in this financial report. The opinion is not modified in respect of this matter.	\$293,542 error was found and corrected in the \$457 million infrastructure balance in the 2023-24 financial report.
Town of Cambridge	Restatement of comparative balances We draw attention to note 32 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The Town conducted a review of their asset data and identified infrastructure assets which were not included in the 2022-23 revaluation. An updated valuation was received and the 2022-23 balances have been restated the 2023-24 financial report.
Town of East Fremantle	Events occurring after the end of the reporting period - adjusting event We draw attention to note 23 to the financial report, which states that, following the end of the financial year ended 30 June 2024, a deed of settlement and release was executed between the Council and the Resource Recovery Group (RRG) with respect to the Town's withdrawal from the RRG and provided the Town a full release from any further obligations in exchange for a settlement sum. The opinion is not modified in respect of this matter.	On 20 June 2023 the Town resolved to withdraw from the Resource Recovery Group and all associated projects, effective 1 July 2024. A deed of settlement was executed on 22 August 2024 to release the Town from its interest in and obligations to the Resource Recovery Group.
Town of Victoria Park	Restatement of comparative balances We draw attention to note 30 to the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.	The Town identified capital works projects that resulted in new and upgraded assets which had not been added to the fixed asset register when the project was completed. Additionally, there were prior year balances in the Town's works-in-progress account that were no longer considered capital in nature and required to be expensed. The 2022-23 figures were restated in the 2023-24 financial report.

Source: OAG

Appendix 7: Material uncertainty related to going concern

Entity	Details of material uncertainty
Resource Recovery Group	<p>Material Uncertainty Related to Going Concern</p> <p>I draw attention to note 1 in the financial report, which indicates that the Group incurred a net loss of \$2.48 million during the year ended 30 June 2024 and that the Council has commenced a restructuring process. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The audit opinion is not modified in respect of this matter.</p>

Source: OAG

Appendix 8: Local government certifications issued since November 2024

Certifications issued for 2023-24

Entity and opinion	Opinion issued
City of Bayswater Local Roads and Community Infrastructure Program	19 December 2024
City of Busselton Local Roads and Community Infrastructure Program Roads to Recovery Funding Pensioner Deferments	5 February 2025 13 December 2024 4 December 2024
City of Gosnells Pensioner Deferments	25 November 2024
City of Joondalup Pensioner Deferments	22 November 2024
City of South Perth Pensioner Deferments	29 November 2024
City of Vincent Pensioner Deferments	2 December 2024
Town of East Fremantle Pensioner Deferments	19 December 2024

Source: OAG

Outstanding certifications issued from 2021-22

Entity and opinion	Opinion issued
Shire of Derby-West Kimberley Local Roads and Community Infrastructure Program	13 December 2024
Shire of Quairading Local Roads and Community Infrastructure Program	08 April 2025
Shire of York Roads to Recovery Funding	19 December 2024
Town of Port Hedland Roads to Recovery Funding	11 April 2025

Source: OAG

Outstanding certifications issued from 2019-20

Entity and opinion	Opinion issued
Town of Port Hedland Roads to Recovery Funding	11 April 2025

Source: OAG

The cut-off date for this appendix is 15 April 2025.

Appendix 9: Other local government opinions issued since 31 December 2024

Entity	Opinion issued
City of Greater Geraldton	28 March 2025
Shire of Bridgetown-Greenbushes	4 April 2025
Shire of Dundas	9 April 2025
Shire of Nannup	4 February 2025
Shire of Wickepin	14 February 2025
Town of Cottesloe	14 February 2025

Source: OAG

Note: the cut-off date for this appendix is 15 April 2025.

Appendix 10: Opinion and management letter definitions

In the auditor's report we include the audit opinion on the annual financial report and any other matters that, in our judgement, need to be highlighted. This year the Auditor General has issued the following types of opinions:

1. **clear opinion:** indicates satisfactory financial controls. The financial report is based on proper accounts, complies with relevant legislation and accounting standards, and fairly represents performance and financial position
2. **clear opinion with an EoM:** draws attention to a matter disclosed in the financial report to aid the readers understanding but does not result in a qualified opinion
3. **qualified opinion:** given when the audit identifies materially misleading information, inadequate controls or conflicts with the financial reporting frameworks.
4. **disclaimer of opinion:** the most serious audit outcome, issued when the auditor is unable to form an opinion due to insufficient evidence to form an opinion after all reasonable efforts.
5. We report weaknesses in the control environment to the CEO, mayor, president or chairperson and the Minister for Local Government. Findings will be rated as significant, moderate or minor. We also indicate if the finding has the potential to impact the audit opinion and if it relates to the prior year and remains unresolved. Both quantitative and qualitative aspects guide our ratings.

Risk category	Audit impact	Management action required
Significant	Findings where there is potentially a significant risk to the entity should it not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit opinion, it should be addressed promptly.	Priority or urgent action by management to correct the material misstatement in the financial report to avoid a qualified opinion or for control risks, implement a detailed action plan as soon as possible, within one to two months.
Moderate	Findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.	Control weaknesses of sufficient concern to warrant action being taken as soon as practicable, within three to six months. If not addressed promptly, they may escalate to significant or high risk.
Minor	Those findings that are not of primary concern but still warrant action being taken.	Management to implement an action plan within six to 12 months to improve existing process or internal control.

Source: OAG

We give management the opportunity to review our audit findings and provide comments prior to completion of the audit. Each control finding is documented in a management letter which identifies weakness, implications for the entity, risk category and a recommended improvement action.

Appendix 11: Information on local government fees and OAG tender procurement process

What you get for your fees



Auditor's report

- ✓ High quality, independent financial audit opinion
- ✓ Fully compliant with auditing standards
- ✓ Entity specific findings and recommendations
- ✓ Comparable and consistent for LGs
- ✓ Annual LG sector results reports
- ✓ Provides assurance to Council, ratepayers and Parliament.



Capability development

- ✓ Financial statement preparation guidance
- ✓ Online audit readiness tool
- ✓ Liaison – WALGA, LG Professionals, DLGSC – meetings, webinars and presentations
- ✓ Advocacy on changes to financial governance practices, legislation and standards resulting in cost savings.



Funded by Parliament

- ✓ Performance audits
- ✓ Information systems audits (application audits)
- ✓ Better practice guidance, e.g.
 - Physical Security of Server Assets
 - Management of Credit Cards
 - Fraud Risk Management
- ✓ Audit Committee Chair forum.

How much have fees changed?

Audit report delivery year 2024-25							
Band	Average fee	Median fee	Average increase	Average increase	Median increase	Median increase	Range
1	\$116,690	\$108,600	\$14,290	15%	\$12,910	10%	\$79,000 - \$198,702
2	\$85,276	\$94,600	\$9,571	15%	\$9,500	10%	\$40,500 - \$150,200
3	\$56,890	\$48,000	\$8,935	21%	\$8,410	21%	\$29,000 - \$108,350
4	\$41,962	\$39,500	\$8,247	26%	\$8,385	25%	\$29,600 - \$75,300
Regional Councils	\$48,275	\$32,850	\$4,731	14%	\$3,775	10%	\$26,200 - \$137,500

How do we compare?

Cost to deliver LG audit reports		
Year	WA average	National average
2022-23	\$62,750	\$69,619
2023-24	\$71,240	\$91,252

Why have fees changed?

92% of LG audits are contracted and two thirds of those are affected by increased prices from Contract Audit Firms (CAFs) in 2024.

Two-thirds of sector affected in 2024

CAF extensions

- CAF extension quotes received (years 4 and 5 of existing contracts)*

Increase range	Increase range	Average	Median
2% - 116%	\$500 - \$51,593	38%	59%

- CAF extension quotes accepted by OAG*

Increase range	Increase range	Average	Median
2% - 48%	\$500 - \$35,969	25%	27%

CAF tenders (approach to market after 5 years)

Range	Range	Average	Median
(20%) - 97%	(\$7,500) - \$23,111	23%	19%

* Increase from prior year.



Factors affecting all audits

- ✓ Changes in auditing standards, including IT risks
- ✓ Professional wage inflation.
- ✓ Fuller cost recovery (direct + overhead costs)
- ✓ Levels of audit effort related to audit readiness and complexity.

What are we doing about audit fees?

- ✓ Market testing every 3-5 years, approaching up to 10 CAFs per LG
- ✓ Rejecting and retendering unacceptable CAF increases
- ✓ Gaining efficiencies with new OAG audit tool and methodology
- ✓ Continuing advocacy for streamlined reporting and minimising compliance duplication
- ✓ Better consulting with entities as part of the extension quote and tender process
- ✓ Providing earlier advice on indicative fees
- ✓ Seeking to bring more audits in-house as labour constraints ease
- ✓ Continuing to seek feedback from WALGA, LG Professionals, LGs and Parliament on what we can do better.

Source: OAG



Understanding the OAG tender procurement process

- 21 audit firms on pre-accredited list, eligibility assessed on capability to audit small, medium, large, complex entities. 16 firms are currently actively engaged with OAG.
- For each audit, we prepare an information pack and typically invite between 5 and 10 contract audit firms (CAFs) to submit tenders.
- CAFs submit tender incorporating qualitative and quantitative considerations - including their understanding of the entity, audit risks, resources/skill mix, timing and cost.
- Convene tender evaluation panel of 2 senior OAG staff.
- Each panel member independently evaluates submissions for qualitative aspects first.
- Assess qualitative and quantitative factors of each CAF's tender submission to support a recommendation.
- Recommendations may be moderated to manage risks of firm capacity and OAG over-reliance across entire audit portfolio.
- AAG-FA and Deputy make recommendations to AG who has final approval.
- Typically award initial contract for 3 years, with up to 2 year extension option.
- If no tender submissions are received for an entity, we have the option to put the audit back out to tender and invite different firms, or appoint a firm directly under the Auditor General Act.



Understanding the OAG contract procurement extension process

- Seek quote from CAFs for up to 2 years following the conclusion of their initial 3 year term.
- OAG engagement leader assesses quote for reasonableness.
- If deemed reasonable then accept, may seek entity input.
- If not reasonable, audit is re-tendered.
- If audit is re-tendered, entity to be notified and commence tender process.

Pre-accredited Contract Audit Firms (CAFs)

BDO Audit (WA) Pty Ltd	William Buck (WA) Pty Ltd	AMD Audit & Assurance Pty Ltd
Deloitte	Crowe	HLB Mann Judd
Ernst & Young	Stantons International	Lincolns
Grant Thornton Australia Ltd	Pitcher Partners BA & A Pty Ltd	Macri Partners
KPMG	Nexia Perth Audit Services Pty Ltd	Armada Audit Services Pty Ltd
Price Waterhouse Coopers	Moore Australia Audit (WA)	Francis A Jones
RSM Australia Pty Ltd	Dry Kirkness	SW Audit

Source: OAG

Auditor General's 2024-25 reports

Number	Title	Date tabled
12	Local Government 2023-24 – Financial Audit Results	24 April 2025
11	Local Government 2023-24 – Information Systems Audit Results	11 April 2025
10	Fraud Risks in the WA Greyhound Racing Association	11 April 2025
9	Child Protection Case Management System – Assist	21 March 2025
8	Universities and TAFEs 2023 – Financial Audit Results	5 December 2024
7	WA Student Assistance Payment – Controls Review	27 November 2024
6	Provision of Additional Information to the Standing Committee on Estimates and Financial Operations – Opinions on Ministerial Notifications	22 November 2024
5	Implementation of the Aboriginal Procurement Policy	21 November 2024
4	Quality and Utilisation of Emergency Department Data	20 November 2024
3	Management of State Agreements	30 October 2024
2	Legislative Reform Priorities and Timeframes – Opinion on Ministerial Notification	19 August 2024
1	Supplier Master Files – Better Practice Guide	1 August 2024

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Office of the Auditor General
for Western Australia

RISK ASSESSMENT TOOL

OVERALL RISK EVENT: Biannual Risk Management Dashboard Report

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.

Appendix AAR 10.2

RISK ASSESSMENT TOOL								
OVERALL RISK EVENT: Update Report – 2023-2024 Regulation 17 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 <i>Local Government (Audit) Regulations 1996</i> , 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.

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: Audit Entrance Meeting 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 that Council is non-compliant to LGA 1995 Reg. 7.12A, and in providing information as requested by the Office of the Auditor General, as detailed in the Responsibilities of the Audit.	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.



Our Ref: 8658

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469 Wellington Street, Perth

Mr Andre Schonfeldt
Chief Executive Officer
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Dear Mr Schonfeldt

**ANNUAL FINANCIAL REPORT
INTERIM AUDIT RESULTS FOR THE YEAR ENDING 30 JUNE 2025**

We have completed the interim audit for the year ended 30 June 2025. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to evaluate your overall control environment, but not for the purpose of expressing an opinion on the effectiveness of internal control, and to obtain an understanding of the key business processes, risks and internal controls relevant to our audit of the annual financial report.

The result of the interim audit was satisfactory. An audit is not designed to identify all internal control deficiencies that may require management attention. It is possible that irregularities and deficiencies may have occurred and not been identified as a result of our audit.

This letter has been provided for the purposes of your local government and may not be suitable for other purposes.

We have forwarded a copy of this letter to the President. A copy will also be forwarded to the Minister for Local Government when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Feel free to contact me on 6557 7551 if you would like to discuss these matters further.

Yours sincerely

Suraj Karki
Acting Director
Financial Audit
7 May 2025

Attach

RISK ASSESSMENT TOOL								
OVERALL RISK EVENT: Annual Financial Report – Interim Audit Results for the Year Ending 30 June 2025 RISK THEME PROFILE: 3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory) 12 - Misconduct 8 - Errors, Omissions and Delays 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	Not presenting the Interim Audit Results for the year ending 30 June 2023 to the Audit and Risk Committee (and subsequently Council).	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 being open and transparent with disclosing findings from the Auditor General.	Minor (2)	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.

