



## Audit, Risk and Improvement Committee Meeting (24 June 2026)

### ATTACHMENTS

Number	Title
7.1(1)	Audit and Risk Management Committee Meeting held on 5 March 2026
8.1.1(1)	FMR/Reg 17 -Findings & Improvements Register
8.1.1(2)	Internal Audit Findings
8.1.3(1)	ICT Strategy
8.1.4(1)	Report 11: Local Government Management of Gifts and Benefits
8.1.5(1)	Report 12: Information Systems Audit Results (Local Government 2025)
8.1.6(1)	Report 13: Financial Audit Results (Local Government 2025)



## Minutes of Audit & Risk Management Committee Meeting

Held on 5 March 2026 and commenced at 2:00pm  
at the Council Chambers in Donnybrook  
*(1 Bentley Street, Donnybrook)*

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**Authorised:**

A handwritten signature in black ink, appearing to read "Nick O'Connor", is positioned to the right of the "Authorised:" label.

Mr Nick O'Connor, Chief Executive Officer

**Prepared:**

10 March 2026

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## 1. Declaration of Opening / Announcement of Visitors

### **Acknowledgement of Country:**

The Chairperson acknowledged the continuing connection of Aboriginal people to Country, culture and community, including traditional custodians of this land, the Wardandi and Kaneang People of the Noongar Nation, paying respects to Elders, past and present.

The Chairperson declared the meeting open at 2:00pm.

## 2. Attendance

### **Members Present:**

Cr Vivienne MacCarthy

Mr Angelo Loguidice, External Member

Cr Tyler Hall (via Teams)

Mr Ian Telfer, External Member

### **Staff Present:**

Nick O'Connor, Chief Executive Officer

Colin Young, Director Finance and Community

Ross Marshall, Director Operations

Loren Clifford, Executive Manager Corporate

Samantha Farquhar, Administration Officer -  
Corporate

Cr Tyler Hall read out loud the following:

*"Pursuant to Section 14CA(5) of the Local Government (Administration) Regulations 1996, I Councillor Tyler Hall declare that I am situated in a location where I can maintain confidentiality throughout the duration of the meeting."*

### **Other Members Present:**

Public Gallery: No members of the public were in attendance

#### 2.1. Apologies

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Meta Hazeldine, Manager Financial Services

#### 2.2. Approved Leave of Absence

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Nil.

#### 2.3. Application for Leave of Absence

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Nil.

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3. Announcements from the Chairperson

Nil.

4. Declarations of Interest

Division 6: Sub-Division 1 of the *Local Government Act 1995*. Care should be taken by all Councillors to ensure that a financial/impartiality interest is declared and that they refrain from voting on any matter, which is considered to come within the ambit of the Act.

Nil.

5. Public Question Time

5.1. Responses to previous public questions that were taken on notice

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Nil.

5.2. Public Question Time

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Nil.

6. Presentations

Nil.

7. Confirmation of Minutes

7.1. Audit and Risk Management Committee Meeting held on 15 December 2025

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Minutes of the Audit and Risk Management Committee Meeting held 15 December 2025 are attached as Attachment 7.1(1).

**EXECUTIVE RECOMMENDATION**

**That the Minutes from the Audit and Risk Management Committee Meeting held 15 December 2025 be confirmed as a true and accurate record.**

<b>COMMITTEE RESOLUTION:</b>	ARM1/03-26	
<b>MOVED BY:</b>	Cr Tyler Hall	<b>SECONDED BY:</b> Mr Angelo Loguidice

**That the Minutes from the Audit and Risk Management Committee Meeting held 15 December 2025 be confirmed as a true and accurate record.**

<b>For:</b> Cr Vivienne MacCarthy, Cr Tyler Hall, Mr Angelo Loguidice, Mr Ian Telfer
<b>Against:</b> Nil.
<b>Carried: 4/0</b>

## 8. Reports of Officers

### 8.1. Director Finance and Community

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#### 8.1.1 **Local Government Act 1995 Reform – Implementation Action Plan and Audit, Risk and Improvement Committee (ARIC) Transition Arrangements.**

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##### Report Details:

**Prepared by:** Loren Clifford, Executive Manager Corporate

**Manager:** Nicholas O'Connor, Chief Executive Officer

**File Reference:** FNC 02A

**Voting Requirement:** Simple Majority

##### Attachment(s):

8.1.1(1) LGIRS Webinar 17 December 2026

#### Executive Recommendation

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##### That the Audit and Risk Management Committee:

1. Notes the legislative reforms arising from the *Local Government Amendment Acts 2023 and 2024*;
2. Endorses the proposed *Local Government Act 1995 Reform Implementation Action Plan* and;
3. Notes the transition arrangements from Audit and Risk Management Committee (ARMC) to Audit, Risk and Improvement Committee (ARIC) as outlined in this report.
4. Recommends to Council that the Action Plan be noted and that progress be monitored through the Audit, Risk and Improvement Committee reporting framework.

#### Strategic Alignment

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The following outcomes from the Council Plan relate to this proposal:

**Outcome:** 11 - Strong, visionary leadership.

**Objective:** 11.1 - Provide strategically focused, open and accountable governance.

**Item:** Nil.

#### Executive Summary

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The State Government has implemented significant reforms to the *Local Government Act 1995*, representing the most substantial change to the legislative framework in over 25 years. The reforms introduce new governance, accountability, financial management and oversight requirements for local governments, including the establishment of Audit, Risk and Improvement Committees (ARICs), clearer separation of Council and CEO roles, enhanced transparency of meetings, and strengthened financial and compliance oversight.

This report provides the Audit and Risk Management Committee with an overview of the reforms and presents a structured implementation action plan to support compliance, effective governance and early risk identification.

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## Background

The *Local Government Amendment Acts 2023 and 2024* form part of a staged reform program led by the WA Government to modernise the local government legislative framework. The reforms have been progressively implemented over several years to allow Councils time to understand and embed new statutory requirements.

The reform program has been delivered in two tranches. The first tranche, enacted through the *Local Government Amendment Act 2023*, was primarily directed at electoral and council member-related matters. These changes supported the conduct of the 2023 local government elections and introduced updated requirements relating to councillor training, entitlements and meeting practices. These reforms are now largely embedded in the Shire's operations.

The second tranche, delivered through the *Local Government Amendment Act 2024* and commencing from December 2024 with transitional arrangements extending into 2026, and introduces a range of structural and operational changes that require implementation and ongoing oversight.

Key reform areas under the second tranche include:

- The transition of Audit Committees to Audit, Risk and Improvement Committees,
- The requirement for independent committee leadership,
- The introduction of the Local Government Inspector and early intervention framework,
- Clearer statutory separation of Council and Chief Executive Officer roles,
- Expanded transparency requirements for Council and Committee meetings, and
- Strengthened financial management and reporting obligations.

## Risk Management

Risk:	Likelihood:	Consequence:	Risk Rating:
Compliance	Possible	Minor	Moderate (6)
Risk Description:	Failure to implement legislative reforms within required timeframes may result in non-compliance with the <i>Local Government Act 1995</i> , potential intervention by the Local Government Inspector, or adverse audit findings.		
Mitigation:	Endorse the implementation plan		
Risk:	Likelihood:	Consequence:	Risk Rating:
Reputational	Possible	Minor	Low (3)
Risk Description:	Incomplete or inconsistent implementation of governance reforms may undermine public confidence, particularly in relation to transparency, independence of oversight committees and councillor conduct.		
Mitigation:	Endorse the implementation plan and monitor progress via regular reporting to the committee.		

## Financial Implications

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The reforms may result in moderate financial implications, including:

- Remuneration and recruitment costs associated with independent ARIC presiding members
- Potential training and development costs for elected members and staff
- Administrative costs associated with policy reviews, governance documentation and reporting enhancements

These costs are expected to be manageable within existing operational budgets, subject to Council decisions regarding resourcing and implementation sequencing. No material capital expenditure is anticipated at this stage.

## Policy Compliance

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The following existing policies are relevant to the implementation of the reforms and may require review or alignment:

- EXE/CP-6 Organisational Risk Management Policy
- EM/CP-2 Live Streaming and Recording of Council Meetings Policy
- EM/CP-3 Legal Representation for Elected Members and Employees
- EM/CP-5 Elected Members Allowances and Entitlements
- EXE/CP-9 Communication and Social Media Policy
- EM/CP-1 Council Member Induction, Training and Professional Development

## Statutory Compliance

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Nil.

## Consultation

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### Internal consultation

Initial consultation has been undertaken with:

- Chief Executive Officer
- Executive staff
- Governance and corporate services staff

### Elected member consultation

Elected Members have been progressively informed through workshops, policy reviews and webinars relating to legislative reform.

## Officer Comment

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The Local Government Act reform program is progressive and ongoing, rather than a single point-in-time change. While many reforms are now in effect, others will continue to be implemented through regulations, policy updates and governance refinements over the coming years.

The following table outlines the proposed action plan to manage implementation of the *Local Government Act 1995* reforms.

Primary	Change Required	Due Date	Status
<b>Completed</b>			<b>6</b>
Livestreaming of Council Meetings	Ensure livestreaming and recording compliance	1/01/26	Completed
Councillor Superannuation Arrangements	Implement superannuation and opt-out processes	30/06/26	Completed
Update Elected Members Allowances Policy (EM/CP-5)	Amend policy for superannuation and training compliance	30/06/26	Completed
Update Council Member Induction & Training Policy (EM/CP-1)	Align induction and training with legislative changes	30/06/26	Completed
Update ARIC Terms of Reference	Update ToR to include risk and improvement oversight	30/06/26	Completed
Update Communication & Social Media Policy (EXE/CP-9)	Ensure policy supports role separation and communications agreement	31/12/26	Completed
<b>In progress</b>			<b>9</b>
Expand ARIC Risk & Improvement Oversight	Enhance reporting on risk, compliance and improvement	30/06/26	In progress
Review Live Streaming & Recording Policy (EM/CP-2)	Update policy to reflect transparency requirements	30/06/26	In progress
Mandatory Training Compliance	Strengthen monitoring of councillor training	30/06/26	In progress
Independent ARIC Presiding Member & Deputy	Appoint independent presiding member and deputy	30/06/26	In progress
Establish Audit, Risk and Improvement Committee (ARIC)	Transition Audit & Risk Management Committee to ARIC	30/06/26	In progress
Closed Meeting Transparency	Strengthen procedures for meeting closures	30/06/26	In progress
Local Government Inspector Readiness	Update escalation and compliance processes	31/12/26	In progress
Clarify Council and CEO Roles	Review governance documents to reflect role separation	31/12/26	In progress
Update Elected Members Code of Conduct	Review and amend the Elected Members Code of Conduct to align with updated behavioural standards, complaint handling processes, and enforcement mechanisms	30/06/26	In progress
<b>Not started</b>			<b>8</b>
Update Organisational Risk Management Policy (EXE/CP-6)	Align policy with ARIC role and early intervention	30/06/26	Not started
Rates and Revenue Policy	Develop and adopt Rates and Revenue Policy	30/06/26	Not started
Enhanced Financial Oversight by ARIC	Structure financial reporting to support ARIC's role in reviewing the	30/06/26	Not started

Primary	Change Required	Due Date	Status
	effectiveness of financial management systems and recommending improvements.		
Restrict Councillor Legal Cost Payments	Ensure compliance with legal cost restrictions	30/06/26	Not started
Update Legal Representation Policy (EM/CP-3)	Reflect restrictions on personal legal expenses	30/06/26	Not started
Council–CEO Communications Agreement	Develop and adopt communications agreement	31/12/26	Not started
Early Intervention Framework	Embed early intervention into risk framework	31/12/26	Not started
Update Employees Code of Conduct	Review and amend the Employee Code of Conduct to align with updates for secondary employment.	30/06/26	Not started
	<b>Total</b>		<b>23</b>

Transition from Audit and Risk Management Committee (ARMC) to Audit, Risk and Improvement Committee (ARIC).

#### Current Situation

The Shire currently operates an Audit and Risk Management Committee (ARMC) established under section 5.8 of the *Local Government Act 1995*. The committee’s focus has traditionally included:

- Financial reporting and external audit matters
- Review of compliance audit returns
- Oversight of the Shire’s risk management framework

While these functions remain relevant, the existing ARMC structure does not fully align with the new legislative requirements for an ARIC.

Key gaps between the current ARMC and the new ARIC requirements include:

- Committee designation: “Audit and Risk Management Committee” is no longer compliant terminology.
- Scope: ARICs have an expanded statutory focus that includes review of the effectiveness of systems and procedures and a stronger emphasis on continuous improvement, in addition to audit and risk.
- Independence: ARICs must be chaired by an independent presiding member, with an independent deputy presiding member. Council members cannot hold either role.
- Membership requirements: Local government employees cannot be members of the ARIC, and independent members are now a core feature of the committee structure.

#### Required End State

By 30 June 2026, the Shire must have in place:

- A formally established Audit, Risk and Improvement Committee (ARIC)
- A Council-adopted ARIC Terms of Reference that reflects the expanded statutory functions
- An independent presiding member and independent deputy presiding member
- A compliant membership structure and governance arrangements
- An updated work program aligned with ARIC responsibilities

### Next Steps

To transition from the current ARMC to a compliant ARIC, the following actions are proposed:

1. Formal Transition Acknowledgement

Note that the ARMC is operating during a statutory transition period from 1 January to 30 June 2026 and formally acknowledge Council's obligation to establish an ARIC within this timeframe.

2. Review and Update Committee Terms of Reference

Amend the existing ARMC Terms of Reference to:

- Rename the committee as the Audit, Risk and Improvement Committee
- Reflect the prescribed ARIC functions, including systems effectiveness and continuous improvement

The revised Terms of Reference will be presented to Council for adoption.

3. Appointment of Independent Leadership

Commence recruitment or appointment processes for:

- An independent presiding member
- An independent deputy presiding member ensuring compliance with legislative independence requirements.

4. Confirm Membership Composition

Review current committee membership against the new requirements and confirm that:

- No local government employees are members
- The committee collectively has appropriate audit, risk, governance and improvement expertise.

5. Update Work Program and Reporting

Refresh the committee's annual work plan and reporting templates to reflect the expanded ARIC role and reporting expectations to Council.

<b>COMMITTEE RESOLUTION:</b> ARM2/03-26	
<b>MOVED BY:</b> Cr Tyler Hall	<b>SECONDED BY:</b> Mr Angelo Logiudice

**That the Audit and Risk Management Committee:**

1. Notes the legislative reforms arising from the *Local Government Amendment Acts 2023 and 2024*;
2. Endorses the proposed *Local Government Act 1995 Reform Implementation Action Plan* and;
3. Notes the transition arrangements from Audit and Risk Management Committee (ARMC) to Audit, Risk and Improvement Committee (ARIC) as outlined in this report.
4. Recommends to Council that the Action Plan be noted and that progress be monitored through the Audit, Risk and Improvement Committee reporting framework.

<b>For:</b> Cr Vivienne MacCarthy, Cr Tyler Hall, Mr Angelo Logiudice, Mr Ian Telfer
<b>Against:</b> Nil.
<b>Carried: 4/0</b>

## 8.1.2 Strategic Risk Identification and Endorsement and Organisational Risk Framework Implementation

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### Report Details:

**Prepared by:** Loren Clifford, Executive Manager Corporate

**Manager:** Nicholas O'Connor, Chief Executive Officer

**File Reference:** FNC 02A

**Voting Requirement:** Simple Majority

### Attachment(s):

8.1.2(1) Draft Strategic Risk Register

8.1.2(2) Organisational Risk Register Overview

8.1.2(3) Organisational Risk Framework Implementation Plan

### Executive Recommendation

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#### That the Audit and Risk Management Committee:

1. **Endorses the strategic risks as outlined in Attachment 8.1.2(1); and**
2. **Provides any comments or recommended amendments to the identified strategic risks by 30 April 2026, to enable refinement prior to consideration by Council.**
3. **Notes the actions taken to date to implement the Organisational Risk Management Framework.**

### Strategic Alignment

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The following outcomes from the Council Plan relate to this proposal:

**Outcome:** 11 - Strong, visionary leadership.

**Objective:** 11.1 - Provide strategically focused, open and accountable governance.

**Item:** Nil.

### Executive Summary

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This report presents a proposed set of strategic risks for the Committee's consideration and endorsement. While the Shire has an established Organisational Risk Management Framework and Policy, neither currently provides clear recognition or articulation of strategic risk at a whole-of-organisation level.

The identification of strategic risks is a necessary step in supporting effective governance, informed decision-making and alignment with Council's long-term objectives. The intent of this report is not to implement a revised risk framework at this time, but to seek the Committee's endorsement of the strategic risks and input prior to further refinement and future reporting to Council.

### Background

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The Shire has an established Organisational Risk Management Framework and supporting policy, which were endorsed by the Audit and Risk Management Committee and subsequently adopted by

Council in December 2024 to guide the identification, assessment and management of organisational risk.

Following adoption, officers undertook substantial work to apply the framework across the organisation. This included the development of a preliminary Risk Register informed by historical Shire data and benchmarking against neighbouring local governments, as well as facilitated workshops with staff to identify key risks and assess their likelihood and consequence. Staff also undertook an assessment of the effectiveness of existing controls, with further control reviews completed in mid-2025, resulting in a number of control improvements. An overview of the Organisational Risk Register as it currently stands is provided in [Attachment 8.1.2\(2\)](#).

While meaningful progress has been made, not all controls have been fully reassessed following these updates due to resource constraints. Current resourcing has not permitted a further comprehensive review of controls since improvements were implemented.

Through the practical application of the framework, it has become evident that it cannot be fully implemented and embedded in its current form. The framework is highly detailed and administratively intensive, requiring a level of dedicated resourcing and system support that is not currently available. The Shire does not have a dedicated risk management role or supporting risk management software, and continuation of the framework as designed would place a disproportionate burden on staff capacity.

Notwithstanding this, risk is actively and consistently considered by the Executive and Management Team as part of all decision making processes, including consideration of organisational fit, financial capacity, service delivery impacts, community expectations and long term sustainability. This pragmatic approach ensures risk considerations remain embedded in day to day operations in a manner proportionate to the Shire’s operating environment.

The current framework and policy do not explicitly recognise or articulate strategic risk, resulting in a gap between operational risk activity and Council’s broader governance and oversight responsibilities. The identification of strategic risks is intended to address this gap and provide a clearer and more effective basis for Council and Committee oversight.

Further work is required following control review activities to develop treatment plans, embed revised controls, and update the risk management sections of Council and Committee reporting. However, this work is unlikely to be completed within existing resource capacity. A revised, more manageable risk framework—aligned to endorsed strategic risks and organisational capability—will be developed and presented to the Audit and Risk Management Committee at a later stage.

**Risk Management**

Risk:	Likelihood:	Consequence:	Risk Rating:
All Areas	Likely	Catastrophic	Extreme (20)

Risk Description:	Not addressing strategic risk exposes the organisation to unanticipated harm by allowing foreseeable threats to escalate into service failures, financial loss, regulatory breaches, and erosion of community trust, ultimately undermining Council’s ability to achieve its objectives.
Mitigation:	The mitigation is to actively identify, assess and manage strategic risks through an endorsed risk framework, with clear ownership, defined controls, regular monitoring, and timely reporting to Council to ensure risks remain within Council’s risk appetite.

**Financial Implications**

Nil.

**Policy Compliance**

Nil.

**Statutory Compliance**

Nil.

**Consultation**

Internal

Internal consultation has been undertaken with the Executive and Management Team through ongoing risk assessment and decision making processes.

Elected Member consultation has not yet occurred and is intended to be informed by the committee’s feedback prior to reporting to Council.

**Officer Comment**

The draft Strategic Risk Register ([Attachment 8.1.3\(1\)](#)) identifies the Shire’s most significant risks that may impact achievement of the Council Plan and long term sustainability. The register groups risks across key strategic themes to support governance oversight, prioritisation and accountability.

At a high level, the strategic risks relate to:

- Organisational capacity and capability — including workforce attraction, retention, capability, culture, and the Shire’s ability to deliver planned services and outcomes with available resources.
- Growth, planning and place management — including variability in development, planning framework pressures, and the implications of growth on service delivery, revenue and community expectations.
- Financial sustainability and delivery confidence — including changes in financial capacity, grant dependence, cost escalation, and the ability to deliver major initiatives and capital programs within agreed timeframes and compliance frameworks.

- Governance and stakeholder confidence — including the effectiveness of governance and decision making, and changes in political/stakeholder relationships that may impact partnerships, advocacy and funding outcomes.
- Climate, environment and emergency management — including climate impacts on natural areas and community liveability, as well as high consequence events such as natural disasters and other emergency scenarios.
- Compliance, records and ICT resilience — including non-compliance with applicable legislative and regulatory obligations, protection of records and information, and the Shire’s ability to keep pace with a rapidly evolving ICT environment and cyber threats.
- Workplace health and safety — including the risk of ineffective WHS management and associated impacts on employee safety, operational continuity, cost and reputational confidence.

The register is provided to enable Committee oversight of the Shire’s risk profile at a strategic level. Following Committee review and endorsement, work will commence on the development of treatment plans, including mitigation actions, control improvements and (where required) control redesign to ensure the strategic risks are managed to an acceptable level and monitored through routine governance reporting.

<b>COMMITTEE RESOLUTION:</b>	ARM3/03-26	
<b>MOVED BY:</b>	Mr Ian Telfer	<b>SECONDED BY:</b> Cr Tyler Hall

**That the Audit and Risk Management Committee:**

- 1. Endorses the strategic risks as outlined in Attachment 8.1.2(1); and**
- 2. Provides any comments or recommended amendments to the identified strategic risks by 30 April 2026, to enable refinement prior to consideration by Council.**
- 3. Notes the actions taken to date to implement the Organisational Risk Management Framework.**

<b>For:</b> Cr Vivienne MacCarthy, Cr Tyler Hall, Mr Angelo Logiudice, Mr Ian Telfer
<b>Against:</b> Nil.
<b>Carried: 4/0</b>

### 8.1.3 Audit Findings Progress

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#### Report Details:

**Prepared by:** Loren Clifford, Executive Manager Corporate

**Manager:** Nicholas O'Connor, Chief Executive Officer

**File Reference:** FNC 02A

**Voting Requirement:** Simple Majority

#### Attachment(s):

8.1.3(1) FMR/Reg 17 -Findings & Improvements Register

8.1.3(2) Internal Audit Findings

#### Executive Recommendation

**That the Audit and Risk Management Committee notes the update provided on Audit Findings as outlined in the Attachments.**

#### Strategic Alignment

The following outcomes from the Council Plan relate to this proposal:

**Outcome:** 11 - Strong, visionary leadership.

**Objective:** 11.1 - Provide strategically focused, open and accountable governance.

**Item:** Nil.

#### Executive Summary

It is requested that the Audit and Risk Management Committee (ARMC) notes the latest update provided on the Audit Findings outlined in this report and [Attachment 8.1.3\(1\)](#) and [Attachment 8.1.3\(2\)](#).

#### Background

Under the *Local Government Act 1995* and associated regulations, the Shire is required to undertake several types of audits to ensure accountability and transparency. These Audits consist of:

1. Financial Audits – The Shire must have their financial statements audited annually. This is mandated under Section 7.9 of the *Local Government Act 1995*.
2. Financial Management Review - is governed by Regulation 5(2) of the *Local Government (Financial Management) Regulations 1996*. This regulation requires the CEO to regularly review the appropriateness and effectiveness of the financial management systems and procedures of the local government, with a minimum frequency of once every three financial years.
3. Compliance Audits – The Shire must complete a compliance audit return (CAR) annually, which is reviewed by the ARMC, and Council then submitted to the Department of Local Government, Sport and Cultural Industries. This requirement is outlined in Regulation 14 of the *Local Government (Audit) Regulations 1996*.
4. Audit Regulation 17 Review - is a requirement under the *Local Government (Audit) Regulations 1996*. It requires the Chief Executive Officer (CEO) of a local government to review the

appropriateness and effectiveness of the local government’s systems and procedures in relation to:

- Risk Management
- Internal Control
- Legislative Compliance

5. Internal Audits - While not explicitly mandated, internal audits are recommended as part of good governance practices. They help the Shire identify and mitigate risks proactively.

Regular reporting on progress and actions taken in response to audit findings to the Audit and Risk Management Committee should be undertaken to ensure transparency and accountability, demonstrating a commitment to addressing identified issues and improving governance.

### Risk Management

Risk:	Likelihood:	Consequence:	Risk Rating:
Compliance	Likely	Minor	Moderate (8)
Risk Description:	Not reporting updates on audit findings to the audit committee on a regular basis can lead to a lack of oversight, delayed corrective actions, and potential non-compliance with regulatory requirements.		
Mitigation:	Establish a reporting schedule and process as outlined in this report.		

### Financial Implications

Nil.

### Policy Compliance

Nil.

### Statutory Compliance

Nil.

### Consultation

An internal review of the findings by key responsible officers has been undertaken.

### Officer Comment

The Financial Management Review (FMR) and the Audit Regulation 17 (Reg 17) Reviews were undertaken in December 2024, the findings from these reviews were presented to the committee at its March 2025 meeting. Subsequently presented in June 2025 to Council. The table below outlines the status/progress made in addressing the 102 findings.

A total of 102 audit actions were identified across the Regulation 17 and FMR reviews. Progress to date demonstrates that the majority of foundational governance, financial management, and compliance actions have been completed or substantially embedded.

- Completed: 65 actions
- Substantially progressed (¾): 14 actions
- Partially progressed (½): 14 actions
- Early stage (¼): 3 actions
- Not yet commenced: 6 actions

#### Key Progress Since October 2025

##### **Governance, Compliance and Reporting**

- Regulation 17 Review and Financial Management Review were completed within statutory timeframes and reported to Council and the Audit and Risk Management Committee.
- Corporate Business Plan annual review completed and adopted by Council.
- Compliance Audit Return reporting strengthened, with clearer articulation of non-compliances and corrective actions.
- Annual Report preparation processes updated to ensure full legislative compliance.

##### **Financial Management and Internal Controls**

- Monthly financial reporting now consistently meets legislative requirements, including Statements of Financial Position and improved variance explanations.
- Bank reconciliation and general journal controls strengthened and documented, with improved audit trails and segregation of duties.
- Reviews of overhead and administration allocations completed, confirming compliance with accounting standards and implementing minor structural refinements.

##### **Policies, Registers and Records Management**

- Risk Management Policy and Framework updated and adopted, aligned with ISO 31000:2018.
- Policy publication issues resolved, including removal of superseded policies from the website.
- Delegations, financial interest, gifts, hazardous materials, and asset disposal registers reviewed and corrected where required.
- Implementation of the new Electronic Document and Records Management System (Monarch), addressing recordkeeping, disposal, and vital records control weaknesses.

#### Actions Still in Progress or Outstanding

##### **ICT Governance and Security**

- Development of the ICT Strategic Plan is underway following completion of current-state assessments and staff workshops.
- ICT security policies, risk evaluation processes, and independent assurance activities are being sequenced to align with the final ICT Strategy to ensure proportional and sustainable controls.

**Procurement and Contract Management**

- Procurement and Contract Management Framework and Manual are in development to address contract registers, expired agreements, probity requirements, and certification controls.
- Training and embedment will occur progressively following framework finalisation.

**Risk Management Embedment**

- Population and refinement of the organisational risk register is ongoing, with Executive oversight.
- Further work is required before risks can be consistently embedded into Council agenda reporting.

**Complex and Resource-Intensive Reviews**

- Comprehensive review of Aged Residential and Retirement Accommodation services remains outstanding, including compliance, financial treatment, and sustainability considerations.
- Workforce system enhancements (performance reviews, induction consistency) remain scheduled but not yet commenced due to competing organisational priorities.

Significant progress has been made in addressing the Regulation 17 and FMR audit findings, particularly in foundational governance, financial controls, and compliance systems. Remaining actions are predominantly higher-complexity, multi-year reforms that are being progressed in a staged and risk-based manner. No critical or systemic control failures remain unaddressed, with residual risks identified and actively managed.

<b>COMMITTEE RESOLUTION:</b>	ARM4/03-26	
<b>MOVED BY:</b>	Angelo Logiudice	<b>SECONDED BY:</b> Mr Ian Telfer

**That the Audit and Risk Management Committee notes the update provided on Audit Findings as outlined in the Attachments.**

<b>For:</b> Cr Vivienne MacCarthy, Cr Tyler Hall, Mr Angelo Logiudice, Mr Ian Telfer
<b>Against:</b> Nil.
<b>Carried: 4/0</b>

### 8.1.4 Chief Executive Officer Briefing

#### Executive Recommendation

That the Audit and Risk Management Committee Meeting note the update provided to the Committee which focussed on the following topics:

- Council Plan Review
- Irishtown Bridge Insurance Claim
- 2026/27 Budget development progress
- Annual Insurance Renewal
- FPC Non Payment of Rates

<b>COMMITTEE RESOLUTION:</b>	ARM 5/03-26	
<b>MOVED BY:</b>	Mr Ian Telfer	<b>SECONDED BY:</b> Mr Angelo Loguidice

That the Audit and Risk Management Committee Meeting note the update provided to the Committee.

<b>For:</b> Cr Vivienne MacCarthy, Cr Tyler Hall, Mr Angelo Loguidice, Mr Ian Telfer
<b>Against:</b> Nil.
<b>Carried: 4/0</b>

## 9. Meetings Closed to the Public

### 9.1. Matters for which the Meeting may be closed

#### 9.1.1 Cyber Security Review & Management Action Plan

This report is confidential in accordance with Section 5.23(4)(e) of the *Local Government Act 1995*, which permits the meeting to be closed to the public.

- (e) information the making public of which would be likely to endanger the security (including cyber-security) of any of the local government’s property or operations;

The Chairperson put to the Committee that the meeting be closed to the public to address confidential matters.

<b>COMMITTEE RESOLUTION:</b>	ARM 6/03-26	
<b>MOVED BY:</b>	Mr Ian Telfer	<b>SECONDED BY:</b> Mr Angelo Loguidice

**That the meeting be closed in accordance with section 5.23(c) of the *Local Government Act 1995* to discuss the following confidential items: 9.1.1 Cyber Security Review & Management Action Plan**

<b>For:</b> Cr Vivienne MacCarthy, Cr Tyler Hall, Mr Angelo Logiudice, Mr Ian Telfer
<b>Against:</b> Nil.
<b>Carried: 4/0</b>

The meeting was closed to the public at 2:42pm.

The Chairperson put to the Committee that meeting be re-opened to the members of the public following consideration of the confidential items.

<b>COMMITTEE RESOLUTION:</b>	ARM 8/03-26	
<b>MOVED BY:</b>	Mr Ian Telfer	<b>SECONDED BY:</b> Cr Tyler Hall

**That the Committee re-open the meeting to the public.**

<b>For:</b> Cr Vivienne MacCarthy, Cr Tyler Hall, Mr Angelo Logiudice, Mr Ian Telfer
<b>Against:</b> Nil.
<b>Carried: 4/0</b>

The meeting re-opened to the public at 2:51pm, and the Presiding Member read the confidential resolutions aloud.

9.2. Public reading of Resolutions that may be made public

<b>COMMITTEE RESOLUTION:</b>	ARM 7/03-26	
<b>MOVED BY:</b>	Angelo Logiudice	<b>SECONDED BY:</b> Mr Ian Telfer

**That the Audit and Risk Management Committee:**

- 1. Notes the findings of the LGIS Cyber Security Review 2025, acknowledging that the assessment reflects data submitted in March 2025;**
- 2. Acknowledges the significant improvements implemented to the Shire’s cyber security posture since that time;**
- 3. Supports the continued implementation of the management action plan and integration of cyber security initiatives into the forthcoming ICT Strategy; and**
- 4. Requests a regular update on the Cyber Security Action Plan.**

<b>For:</b> Cr Vivienne MacCarthy, Cr Tyler Hall, Mr Angelo Logiudice, Mr Ian Telfer
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<b>Against:</b> Nil.
<b>Carried: 4/0</b>

#### 10. Closure

The Chairperson advised that the next Audit and Risk Management Committee Meeting is to be advised. The Chairperson declared the meeting closed at 2:52pm.

These minutes were confirmed as a true and accurate by flying minute.



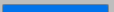
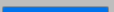
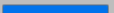



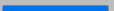
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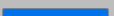
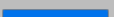
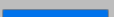
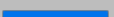
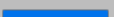
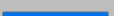
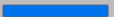
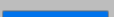
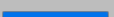


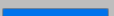
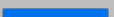

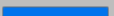



President – Shire of Donnybrook Balingup

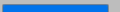


# Findings & Improvements - Reg 17-FMR

Risk Number	Purpose/Goal	Risk Issue and Failure Modes	Responsible Officer	Status May 2026	Management Comment May 2026
4.2.13	A policy to evidence Council's commitment to balancing the cost of legislative compliance with the extent of compliance requirements, and its importance to the organisation.	Currently, no policy on internal controls has been adopted by Council.	Loren Clifford		Management notes the recommendation; however, ELT has determined a standalone policy is not required, as legislative compliance is managed through the existing Risk Management Framework and governance processes, ensuring a proportionate and risk-based approach.
4.2.14	A policy to evidence Council's commitment to balancing the cost of legislative compliance with the extent of compliance requirements, and its importance to the organisation.	Currently, no policy on legislative compliance has been adopted by Council.	Loren Clifford		Management notes the recommendation; however, ELT has determined a standalone policy is not required, as legislative compliance is managed through the existing Risk Management Framework and governance processes, ensuring a proportionate and risk-based approach.
4.2.03	Policy to provide guidance in determining appropriate circumstances to incur legal representation costs.	The policy references circumstances where legal representation costs may be authorised prior to formal consideration by Council. There are no limitations on costs set within the policy, purchasing policy/procedures or delegations where this policy provision is activated.	Loren Clifford		The Policy is scheduled for review, amendments will be included to reference the application of relevant purchasing Policies and Procedures, Delegations and Authorisations where applicable as part of this process.
4.2.10	To set out parameters for the implementation of policies.	We noted the content of several council policies which may be operational in nature. Council policies are not necessarily intended to provide direction on how different operational functions are to be executed as these are the responsibility of the CEO. Some policies where this may occur include: - EMERG/CP-1 Fireworks Events - EMERG/CP-2 Permits for Road Verge Burning - EXE/CP-1 Commercial Lease - EXE/CP-2 Document Execution and Application of The Common Seal - FIN/CP-8 Building Insurance - HR/CP-3 Employee Recreation Centre Subsidy - WRKS/CP-4 Road Use Approval for Restricted Access Vehicles (RAVS) on Council's Road Network	Loren Clifford		A number of policies identified by the audit as being overdue have since been reviewed and updated. The Shire is continuing to progress a comprehensive policy review program; however, this is being undertaken using a risk-based and resource-conscious approach to ensure priority is given to policies with higher governance, legislative or operational risk.
4.2.12	Policy to provide guidance to the Shire's approach to managing complaints and grievances had not been adopted.	At the time of our review, a policy document setting out the processes for management of general complaints and grievances had not been adopted.	Loren Clifford		Complaints policy adopted by Council at its May 2026 OCM
4.2.05	Policy to provide a best practice approach and procedures for purchasing. Ensure consistency for all purchasing activities that integrates with all operational areas. Requires compliance with the Local Government Act 1995 and Functions and General Regulations 1996.	The policy provides limited direction regarding contract variations and extensions awarded or against a written specification not awarded by tender. Extension of contracts and associated price changes are also not covered by the policy. For contracts awarded by tender, legislation provides minimum requirements for variations. The policy should ensure appropriate controls exist to minimise opportunities to circumvent purchasing threshold requirements through application of variations and extensions.	Ross Marshall		In April, Council adopted a revised Purchasing Policy that contemporises procurement functions. On 1 May 2026 the Draft Procurement and Contract Management Manual was issued to key procurement staff for utilisation, feedback and continuous improvement. The manual is centrally located in the Monarch Records Management System. This manual is issued as "draft / work in progress" to start using the manual content and provide constructive feedback and add additional content as required or achieved through learning / use.
4.2.06	Policy to provide guidance for the use, allocation, control and safe custody of corporate credit cards.	The policy provides for credit cards, but does not consider controls for other transaction cards such as fuel cards, store cards, pre-paid debit cards etc. Amendments to the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 came into effect on 1 September 2023, requiring reporting of transactions using credit, debit and other purchasing cards.	Meta Hazeldine		Credit card policy to be reviewed.
4.2.06	Policy to provide guidance for the use, allocation, control and safe custody of corporate credit cards.	Where appropriate invoices / receipts to support card transactions are not available, the policy does not provide for how those purchases are to be substantiated, reported, reviewed and authorised where a valid tax invoice is not available.	Meta Hazeldine		Credit card policy to be reviewed.
4.2.06	Policy to provide guidance for the use, allocation, control and safe custody of corporate credit cards.	The policy does not require transaction card holders to enter into an agreement setting out conditions for the cardholder when undertaking transactions on behalf of the local government using purchasing cards.	Meta Hazeldine		Credit card policy to be reviewed.
5.1.03	Plan to guide the future development and delivery of ICT services.	An ICT Strategic Plan was not available for our review.	Loren Clifford		A draft ICT Strategy has been developed and is scheduled to be workshopped with Council prior to formal adoption in July 2026. The Strategy provides a structured roadmap for improving ICT governance, cyber security capability and service delivery, and incorporates key enabling elements including an ICT Change Management framework and the formalisation of the ICT Risk Register. These components will be progressed concurrently as part of the Strategy's adoption to ensure an integrated and coordinated governance approach.
5.1.03	Plan to guide the future development and delivery of ICT services.	An ICT Strategic Plan was not available for our review.	Loren Clifford		A draft ICT Strategy has been developed and is scheduled to be workshopped with Council prior to formal adoption in July 2026. The Strategy provides a structured roadmap for improving ICT governance, cyber security capability and service delivery, and incorporates key enabling elements including an ICT Change Management framework and the formalisation of the ICT Risk Register. These components will be progressed concurrently as part of the Strategy's adoption to ensure an integrated and coordinated governance approach.
5.2.35	Process to ensure stock is correctly allocated, as well as to reduce the potential for theft or misappropriation.	Stocktakes were noted to have been undertaken at some facilities for certain inventory items, however the frequency, level of independence and verification of the stocktakes performed is not considered adequate. Limited formal controls are in place to monitor potential erroneous allocations or misuse of stock.	Damien Morgan		Operating Procedure FINOP-4-Inventory and Stock, has been developed and implemented
5.2.06	To provide direction to staff in the delivery of day-to-day operational tasks, as well as guidance for expected processes, systems, and controls to be maintained.	Procedures are not formalised for some key operational functions throughout the Shire. Workflow process diagrams and checklists may assist to create a visual representation of a process, clearly identifying key points of control and responsibility to be evidenced and independently reviewed. Where appropriate, these may be complemented by clearly articulated, descriptive documented procedures.	Loren Clifford		Operating Procedures are progressively developed by business units using a risk and resource-based approach, ensuring priority is given to high-risk and critical operational activities.



Risk Number	Purpose/Goal	Risk Issue and Failure Modes	Responsible Officer	Status May 2026	Management Comment May 2026
5.2.10	Systems and procedures to set out controls relating to the operations for various retirement accommodation units owned by the Shire.	<p>Controls in relation to Preston Village Retirement Accommodation are considered inadequate. Through our limited testing, we noted the following:</p> <ul style="list-style-type: none"> <li>-Lease documentation provided for examination did not include evidence of prescribed forms being completed and supplied to residents as required by the Retirement Villages Act 1992 and associated regulations for all agreements examined;</li> <li>-Systems to support compliance with lease agreement requirements, such as periodic reporting, separate audited financial statements and operational matters, do not appear to be consistently maintained.</li> <li>-It is unclear from the documentation supplied to us for review whether 'Reserve Fund Contributions of Residents' should be held in trust, or through the current practice of reserve accounts;</li> <li>-The basis of the current accounting treatment and associated disclosures in relation to the resident loans and lease agreements was unable to be supported by current officers.</li> </ul>	Loren Clifford		<p>1. Lease documentation provided for examination did not include evidence of prescribed forms being completed and supplied to residents as required by the Retirement Villages Act 1992 and associated regulations for all agreements examined; The organisation has an established process designed to comply with the Retirement Villages Act 1992 (WA), particularly sections relating to disclosure obligations (including s.13 and s.14) and the Retirement Villages Regulations 1992 (WA) regarding prescribed forms. When a residence becomes available:</p> <ul style="list-style-type: none"> <li>•Prospective residents are required to complete an Application to Reside, which is submitted for approval by the CEO.</li> <li>•Upon approval, the prospective resident is provided with a pre-contractual disclosure package in accordance with Section 13 of the Act, which requires provision of prescribed information before entering a residence contract. This package includes: <ul style="list-style-type: none"> <li>•Form 1 – Disclosure Statement (as prescribed under the Regulations).</li> <li>•Form 2 – Residence Contract Information (including matters required under s.13 and s.14).</li> <li>•Draft Residence Contract (Lease Agreement).</li> <li>•Current Budget and Operating Statement (as required under financial disclosure provisions).</li> <li>•Copy of applicable regulations (Fair Trading / Retirement Villages Regulations).</li> </ul> </li> </ul> <p>In line with Section 14 (cooling-off and consideration requirements), the prospective resident is:</p> <ul style="list-style-type: none"> <li>•Given a minimum 10-day period to consider the documentation before entering into the contract.</li> <li>•Required to sign an Acknowledgement Form, confirming receipt of disclosure documents and acknowledging advice to seek independent legal and financial advice, consistent with best practice under the Act</li> </ul> <p>All evidence of the above is kept on file.</p> <p>2. Systems to support compliance with lease agreement requirements, such as periodic reporting, separate audited financial statements and operational matters, do not appear to be consistently maintained. The village maintains processes intended to comply with ongoing financial reporting and operational obligations under the Retirement Villages Act 1992 (WA), including provisions relating to resident information, financial transparency, and village management. Quarterly Financial Reporting: Residents are provided with quarterly reports detailing:</p> <ul style="list-style-type: none"> <li>•Operating fund income and expenditure.</li> <li>•Reserve fund balances and movements.</li> </ul> <p>This aligns with the Act's intent for transparency in village financial management. Annual Budget Requirements:</p> <ul style="list-style-type: none"> <li>•An annual budget meeting is held with residents to present the proposed operating and reserve fund budgets, consistent with requirements for consultation and disclosure of financial projections.</li> <li>•A resolution for audit requirement as per the Fair Trading (Retirement Villages Code) Regulations 2022 Schedule 1 division 5 Clause 19, is presented to all residents to decide that the annual financial statements are to be audited outside of the general Shire's auditing.</li> </ul> <p>Resident Meetings:</p> <ul style="list-style-type: none"> <li>•General meetings are held in accordance with the Act and village rules, including when requested by residents.</li> </ul> <p>Operational Communication:</p> <ul style="list-style-type: none"> <li>•Notices, updates, and operational matters are communicated in writing, supporting transparency and record keeping obligations.</li> </ul> <p>All evidence of the above is kept on file.</p> <p>3. It is unclear from the documentation supplied to us for review whether 'Reserve Fund Contributions of Residents' should be held in trust, or through the current practice of reserve accounts; Reserve fund contributions are managed in accordance with the Retirement Villages Act 1992 (WA) provisions relating to village funds, which require that resident funds be separately identifiable and used only for their intended purpose. Specifically:</p> <ul style="list-style-type: none"> <li>•Resident reserve contributions are held in a designated account structured as a trust-controlled fund.</li> <li>•These funds are separately accounted for from operating funds, consistent with legislative intent to protect resident monies.</li> </ul> <p>•Reserve fund statements cle</p>
5.2.10	Systems and procedures to set out controls relating to the operations for various retirement accommodation units owned by the Shire.	A joint venture arrangement exists between a state government agency and the Shire, setting out the responsibilities of the Shire for the Minnipup Cottages and Langley Villas accommodation units. Additional compliance responsibilities exist to comply with terms of tenancy lease arrangements and associated statutory environment. Limited documented procedures are in place to ensure appropriate controls are applied in the operation this accommodation, which are considered inadequate.	Loren Clifford		<p>The formal JV Agreement has now expired, the Shire has continued to operate Minnipup Cottages and Langley Villas consistent with the original JV and in alignment with legislative requirements, including the Residential Tenancies Act 1987 (WA) and the Housing Authority eligibility framework. Eligibility and Allocation Controls Tenant eligibility continues to be assessed in line with social and affordable housing criteria consistent with Department of Communities including:</p> <ul style="list-style-type: none"> <li>•Australian citizenship or permanent residency.</li> <li>•Residency in Western Australia with income derived within the State.</li> <li>•Income and asset limits consistent with prescribed thresholds.</li> <li>•No ownership or part-ownership of residential property or land.</li> <li>•Capacity to live independently and meet medical requirements.</li> <li>•Verified identity documentation.</li> <li>•Minimum age requirement of 55 years.</li> </ul> <p>Tenant Selection and Approval Process The Shire has established a structured allocation and tenancy process, as follows:</p> <ol style="list-style-type: none"> <li>1. All enquiries are required to complete a Housing Enquiry Form.</li> <li>2. A centralised housing waiting list/register is maintained.</li> <li>3. When a vacancy arises, applicants are assessed in order of the waiting list against eligibility criteria.</li> <li>4. Formal approval is obtained from the CEO prior to allocation.</li> <li>5. A Form 1AA Residential Tenancy Agreement is executed in compliance with the Residential Tenancies Act 1987 (WA).</li> <li>6. A security bond is collected and lodged with the Bond Administrator in accordance with statutory requirements.</li> <li>7. All applications, assessments, and approvals are documented and retained on file.</li> </ol> <p>Operational and Financial Responsibilities The Shire continues to operate in accordance with the original JV principles, including:</p> <ul style="list-style-type: none"> <li>•Responsibility for management and maintenance of the housing units.</li> <li>•Retention of rental income for operational purposes, with recognition that surplus income is subject to JV principles.</li> <li>•Application of any surplus funds in accordance with agreed purposes, or otherwise apportioned consistent with the JV framework.</li> </ul> <p>The above is documented in a Procedures Manual.</p>
5.2.09	Procedures and practices to guide the operation of facilities to assist to maintain broader risk management, internal control and legislative compliance.	Staff representations for a number of service areas examined indicated resources at certain facilities may not be appropriate to sufficiently manage risks.	Nick O'Connor		<p>A review of the Workforce Plan has been completed, confirming that resources have been allocated to support core service delivery and operational requirements. Management acknowledges that staff feedback has identified potential gaps in resourcing at certain facilities, which may impact the ability to effectively manage risks. The Shire will continue to apply a risk-based approach to service levels, with ongoing monitoring and refinement of resource allocation to ensure alignment with risk exposure and service delivery needs.</p>
5.2.01	Procedures and practices to set out a uniform approach to the identification, assessment, management, reporting and monitoring of risks.	Some risk management activities currently undertaken are not formally documented and are sometimes performed independently within individual departments. These existing procedures are based on a superseded risk management framework and reporting obligations may not align with reporting and monitoring objectives.	Loren Clifford		The Risk Management Framework has been implemented; however, resourcing constraints have impacted the practical application of reporting requirements. A review of their appropriateness will be undertaken.
5.2.02	Procedures and practices to ensure the security of ICT information, systems and data.	We noted limited controls in relation to the access to IT systems, including physical access to hardware. Some levels of permissions have been established to control network access to software and data, however this is largely undocumented.	Loren Clifford		A draft ICT Strategy has been developed and is scheduled to be workshopped with Council prior to formal adoption in July 2026. The Strategy provides a structured roadmap for improving ICT governance, cyber security capability and service delivery, and incorporates key enabling elements including an ICT Change Management framework and the formalisation of the ICT Risk Register. These components will be progressed concurrently as part of the Strategy's adoption to ensure an integrated and coordinated governance approach
5.2.03	The evaluation of risk in overall security policy, in general ICT and application.	No formal evaluation process of the risks associated with the overall security procedures, general ICT and application controls is in place. We also noted formal risk treatment plans do not appear to be in place in relation to risks associated with changes to the IT systems.	Loren Clifford		A draft ICT Strategy has been developed and is scheduled to be workshopped with Council prior to formal adoption in July 2026. The Strategy provides a structured roadmap for improving ICT governance, cyber security capability and service delivery, and incorporates key enabling elements including an ICT Change Management framework and the formalisation of the ICT Risk Register. These components will be progressed concurrently as part of the Strategy's adoption to ensure an integrated and coordinated governance approach
5.2.08	Ensure access to Shire is restricted to only personnel who are authorised.	We noted some physical access security measures to some Shire facilities may not be adequate. The risk associated with this is not documented, measured or recorded appropriately to verify whether treatment plans have reduced the perceived level of risk to the Shire.	Ross Marshall		

Risk Number	Purpose/Goal	Risk Issue and Failure Modes	Responsible Officer	Status May 2026	Management Comment May 2026
5.2.17	Procedures for the procurement of goods or services.	Through limited testing of payments, instances were noted where: •The purchase orders did not pre-date the invoice to which they were assigned; •A payment exceeded the authorised purchase order amount; •A purchase order did not include an assigned amount; •Purchase orders were not certified by both the preparer and authoriser; and •Compliance with the purchasing policy to evidence the required number of quotations being obtained or reference to any allowed exemptions, RFT process undertaken etc was not available for our review.	Ross Marshall		The Draft Procurement and Contract Management Manual provides direction for procurement of goods or services and addresses each of these issues in FAQs (Section 2.8).
5.2.18	Procedures to provide probity for the assessment of procurement options received.	We did not observe documented procedures in place to require declarations of interest and confidentiality to be signed prior to assessments being undertaken for high value purchases.	Ross Marshall		The Draft Procurement and Contract Management Manual provides direction for managing probity (Section 2.12).
5.2.31	To provide clear documentation of key contract / agreement information entered into with third parties by the Shire.	We noted a number of functions are outsourced to external parties for a variety of services, however a number of these contracts and/or agreements are expired. Current systems, procedures and contract/agreement provisions may not adequately address risks to the Shire. The absence of controls in relation to project and/or compliance management also imposes limitations to legislative compliance. Staff representations noted implementation of contractor management processes and review of outdated agreements have commenced.	Ross Marshall		The Draft Procurement and Contract Management Manual provides direction for contract management (Section 7).
5.2.36	To ensure compliance with legislative provisions for advertising of statutory public notices.	Evidence to support compliance of public notices (including statewide and local public notices) being published as required by legislation was not available for all samples selected for testing. While some methods of advertising for public notices include local government notice boards etc, systems should be in place to support and evidence compliance with legislation.	Loren Clifford		An internal public notice register is being kept.
5.2.29	To demonstrate compliance of record keeping systems and practices with legislative requirements.	Based on our enquiries with staff, electronic records are stored in various locations such as shared drives, rather than the Shire's electronic document and records management system (EDRMS). Where compliance with required record keeping controls is low, this may increase risks where information may become compromised where deletions, loss and compromised security or confidentiality of records may occur.	Loren Clifford		Monarch has been implemented on site and is being rolled out throughout the organisation.
5.2.29	To demonstrate compliance of record keeping systems and practices with legislative requirements.	Control procedures within the EDRMS relating to record preservation and disposal of records are considered inadequate. Current controls are heavily reliant on staff awareness of limitations within the EDRMS generated disposal dates, and application of manual system override and review to manage compliance.	Loren Clifford		Monarch has been implemented on site and is being rolled out throughout the organisation.
5.2.30	Procedures and practices to ensure the appropriate maintenance and recording keeping of physical and digital records.	Based on our enquiries with staff, regular refresher training for the use of the records system is not currently in place to support and direct staff and contractors to the appropriate procedures to save records in accordance with the Shire's record keeping plans and policies. This may increase risks associated with compliance with required record keeping controls. Where compliance with required controls is low, information may become compromised in that deletions, loss and compromised security or confidentiality of records may occur.	Loren Clifford		Monarch has been implemented on site and is being progressively rolled out across the organisation, supported by user guides, instructional videos, and targeted training sessions.
5.2.13	Systems and processes to ensure controls are maintained around petty cash.	We did not observe any formal procedures relating to petty cash systems and controls. Controls are not routinely documented to ensure appropriate review and authorisation processes occur in relation to the storage, management and handling of cash by staff.	Meta Hazeldine		Petty cash is no longer required as alternative options have replaced the need for petty cash.
5.2.13	Systems and processes to ensure controls are maintained around petty cash.	Based on staff representations, routine reconciliation of petty cash is not performed and there is no required validation of balances performed by an independent and more senior officer.	Meta Hazeldine		No reconciliations completed as petty cash is no longer required.
5.3.01	Procedures to ensure appointment of staff are appropriately authorised, and onboarding processes are consistently and routinely applied.	Staff inductions do not appear to be consistently applied throughout the shire, and induction processes do not consistently communicate to staff required expectations and requirements when performing local government functions.	Loren Clifford		A induction passport has been developed for the outside workforce. The review of the internal process still remains a priority. However, due to competing organisational priorities, this work will be scheduled and progressed as resources allow. Work has commenced on a Induction assigning induction tasks.
5.3.04	Framework to provide effective communication between an employee and employer to measure performance, identify training needs and improve effectiveness and efficiency in the workplace.	Whilst performance reviews for employees appear to be routinely performed as required by legislation, we noted some weaknesses in processes where there are limited connections to the objectives and purposes of performing reviews. Processes do not currently provide a rating scale to identify opportunities for improvements, and systems do not currently provide for routine follow up or monitoring where performance matters are identified through the review process.	Loren Clifford		Implemented a revised performance review processes, including realignment of the CEO's KPIs, introduction of structured rating scales, and improved follow-up mechanisms. These are currently being trialled across the organisation.
5.4.01	Insurance cover maintained by contractors for damage caused when undertaking works for the Shire.	Contractors' insurances are not always assessed prior to award of contracts in all cases. Reliance is placed on contract managers to ensure copies of insurances are provided.	Ross Marshall		The Draft Procurement and Contract Management Manual provides direction for insurances (Section 6.4 & 7.2) for projects greater than \$50,000.
6.1.02	Monitoring and consideration of risks when making strategic decisions.	Identified risks are not consistently included within agenda items for council member consideration. We noted some updates to reporting has been occurring, however it is unclear how this aligns to the current adopted risk management policy.	Loren Clifford		All agenda items are subject to risk assessment, and ELT has determined that current risk reporting arrangements are adequate. Ongoing refinement of the framework and reporting processes will occur as part of continuous improvement.
6.1.01	Official record of proceedings and decisions.	In our limited testing and review of minutes of Council meetings, we noted the following: •Confirmation of minutes of some special meetings were not considered at the next ordinary meeting of Council as required by legislation; •Various declarations in relation to items being considered by Council, however these declarations do not always record whether the person making the declaration remained at the meeting or detail of any permission to remain at the meeting; •Several instances where no reference was included recording how many members of the public, or which employees departed, remained or returned to the Chamber during the discussion of the confidential items; •Attachments (i.e. monthly statement of financial activity, accounts paid list etc) are not published in the minutes on the official local government website to support the decisions made, including where the decision refers to the officer report or an attachment; •Although the meeting was not closed to the public, we noted some attachments which were noted to be confidential attachments and therefore not included in the minutes; •An instance where a relevant person did not declare an interest in relation to a report presented to Council where it appears a disclosure should have occurred. •A number of Council decisions which were confidential in nature and held behind closed doors, which were not recorded in the minutes. Regulation 11 (d) of the Local Government (Administration) Regulations 1996 requires details of each decision made at Council and committee meetings to be recorded in the minutes; •An instance where there were inconsistent agenda report titles in the public minutes and the confidential meeting minutes published; •Minutes of the meeting held 22 March 2023 were not published on the website; and •Some minute certification pages contained incorrect dates and other information where minutes were confirmed.	Loren Clifford		The adoption of supporting software tools is recommended to enhance compliance in these areas. A proposal for Minutes and Agenda software will be incorporated into the ICT Roadmap and Strategy timeline as outlined by staff.
6.1.01	Official record of proceedings and decisions.	We noted instances where tenders were considered by Council as confidential business behind closed doors. Where these decisions were recorded in the minutes, there was not always sufficient detail included within the decision to support the amount awarded by the decision.	Loren Clifford		Formal procedures have be developed to ensure consistent compliance.
6.2.05	Provide a record of contracts entered into by the Shire.	While contracts are generally managed through the record keeping system, a formal contract register has not yet been established to provide consistent information detailing the status of all contracts held by the Shire.	Loren Clifford		Along with the updates to the EDRMS, this will be address as part of the Contract Management review being undertaken in house.
6.2.01	Provide a record of risk breaches and remedial action taken.	A current risk register to reflect identified risks, and if they have been adequately treated was not available for our review. Staff representations indicated further development of risk management activities is to be undertaken to guide risk register maintenance, monitoring and reporting.	Loren Clifford		The Risk Management Framework has been implemented; however, resourcing constraints have impacted the practical application of reporting requirements. A review of their appropriateness will be undertaken.
6.2.06	Register to maintain listing of portable / desirable assets as required by Local Government (Financial Management) Regulations 1996.	A listing of portable and attractive items is kept as required by the Local Government (Financial Management) Regulations 1996 has not been developed., however we noted some items within the register which could not be identified or located when requested.	Meta Hazeldine		Review yet to be completed

Risk Number	Purpose/Goal	Risk Issue and Failure Modes	Responsible Officer	Status May 2026	Management Comment May 2026
5.2.17	Procedures for the procurement of goods or services.	Through staff representations and examination of list of payments etc we noted some arrangements exist where suppliers are utilised throughout the year which may not align with threshold limitations provided within the purchasing policy and legislative requirements.	Ross Marshall		The Council Purchasing Policy adopted April 2026 and the Draft Procurement and Contract Management Manual issued 1 May 2026, provides direction for procurement, thresholds and anti-avoidance. Procurement is decentralised therefore each business unit is responsible for compliance (Section 2.10, 4.2, 5.2 & Appendix 1).



# Internal Audit Findings

Internal Audit Area	Ref	Issue	Risk Rating	Auditors Comments	Implication/Risk	Auditors Recommendation	Status Update May 2026	Update May 26
				<b>Unresolved Findings</b>				
Security and Emergency Procedures	2.3.4.	<b>Security Policy</b>	Moderate	During our review, we identified that the Shire does not have any formal policies surrounding Security.	Security threats that arise may go unnoticed or untreated. Furthermore, employees and other key stakeholders may not know the correct response or lines of communication in relation to security threats.	A security policy is introduced by the Shire, covering at a minimum; physical, information and cyber security.		An Information Security Policy has been approved.
Security and Emergency Procedures	2.3.6	<b>Remote Access</b>	Moderate	From discussions with management, it was noted that the "Working from Home Self-Assessment Survey" and "Remote Working Agreement" have not been systematically utilised.	The "Working from Home Self-Assessment Survey" aids the Shire in complying with Occupational Safety and Health Standards, while the "Remote Working Agreement" is a record of the employee confirming their understanding of the requirements while working from home, therefore where these documents are not completed, the Shire is open to unnecessary risks.	<ul style="list-style-type: none"> <li>•A review is undertaken of current employees who work from home, to ensure documentation is on file or is completed where appropriate.</li> <li>•All future employees who work from home, should complete the documentation as specified in the Shire's working remotely procedure.</li> <li>•The Shire maintain a listing of assets (which may include IT equipment and other items of equipment) which staff have temporary removed from the Shire premises to utilise working from home.</li> </ul>		Working From Home Policy and checklist has been approved.
				<b>Resolved Findings</b>				

# Shire of Donnybrook Balingup Technology Strategy and Roadmap



Prepared For:	Loren Clifford
Prepared By:	Nicki Sloan
Date:	07/04/2026
Ref:	T764-6021

## Version 0.2

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Document History:

VERSION	DATE	AUTHOR	DESCRIPTION
V0.1	03/03/2026	Nicki Sloan	Draft created
V0.2	07/04/2026	Nicki Sloan	Issued for client review



## Executive Summary

The Shire of Donnybrook Balingup's (SoDB) current technology landscape has evolved organically over many years without formal oversight or coordinated planning. The core business system is now End Of Life (EOL) and should be replaced in the near future. The staff spend large amounts of time on low value, manual activities.

Cyber risk is an increasing risk for most organisations, and the OAG have a particular focus on Access management, Endpoint security, Human resources security, Information security framework, Network security, Business continuity, Physical security, IT Operations, Change management and Risk management.

The aim of this roadmap is to enable the SoDB to establish a solid and modern ICT foundation for the services it provides, and enable an efficient digital experience for ratepayers, residents and visitors.

### Current State

A summary of the key points from the Current State assessment highlights several challenges faced by the Shire of Donnybrook Balingup, including:

- ✓ Fragmented technology environment with an obsolescent core (financial) system.
- ✓ Fragmented and duplicated data sources leading to data blindness and highly manual data aggregation for reporting.
- ✓ No overarching oversight of ICT, decentralised procurement and budgets, ageing and vulnerable technology environment. No ICT governance regime in place.
- ✓ Limited internal ICT knowledge base. Heavy dependence on the Managed Service Provider (MSP) to bridge gaps in ICT knowledge.
- ✓ Inconsistently applied cyber security across ICT environment. Heavy dependence on MSP to provide cyber security (but only for MSP managed/supported systems).
- ✓ Technology experience for staff consists of clunky, unreliable, difficult to use systems which are often worked around. Manual data entry and manual data processing between systems.
- ✓ Technology experience for ratepayers, residents and visitors is limited, with little ability for ratepayers, residents and visitors to engage digitally with the SoDB.

## Future State

To address these challenges, the following key recommendations are proposed:

- ✓ **Modern, sustainable technology platforms:** Legacy systems are progressively replaced or upgraded with supportable, cloud solutions that can scale with future council and community needs.
- ✓ **Streamlined and integrated systems:** Core applications are consolidated and integrated, reducing duplication, manual work and errors, and enabling end to end digital processes.
- ✓ **Stronger governance and transparency:** ICT decisions, risks and investments are guided by clear frameworks and standards, improving accountability and alignment to Council's strategic plans.
- ✓ **Improved cybersecurity and resilience:** ICT environments and practices meet agreed or evolving baseline security standards, reducing the likelihood and impact of cyber incidents and supporting business continuity.
- ✓ **Intuitive tools that empower staff:** Staff have access to simple, user friendly systems and digital workflows that support efficient ways of working and improve job satisfaction.
- ✓ **Connected digital services for the community:** Ratepayers, residents and visitors able to access information digitally, transact online and stay informed with integrated ICT systems.

By addressing these key areas, the Shire of Donnybrook Balingup can achieve a more efficient, cost-effective, and scalable technology environment that supports its strategic objectives and operational needs.

## Roadmap

A digital improvement program has been developed to implement the recommendations listed above, logically grouping the recommendations into the following stages:

- ✓ **Phase 1 (0–12 Months):** will focus on planning and preparing the way for the changes and establishing the Policies, processes and procedures for the core elements of the ICT Governance framework. Phase 1 will see the ERP Replacement project commence, as well as procurement activity for the Supporting (non-ERP) Technology Systems project and the Connectivity project. The Security (Essential Eight Level 1) and Data Governance projects will commence. The Records Management project should complete.
- ✓ **Phase 2 (12–24 Months):** will focus on the delivery and implementation of the ERP Replacement project, the delivery of the Supporting Technology Systems project and the procurement for the BI project. As a discrete part of the ERP project, the Digital Services for the Community project will be implemented alongside the ERP project. The Security and Data Governance projects will be completed.

- ✓ **Phase 3 (24–36 Months):** will focus on the consolidation of new ERP system into BAU and the implementation and integration of the Supporting Technology systems. The Digital Services to the Community project outcomes will be fully enabled with the completion of the ERP and supporting technology systems. The Business Intelligence project (if applicable) will commence.
- ✓ **Phase 4 (36–48 Months):** will focus on the completion of the Connectivity project and the implementation of Business Intelligence. A review of progress against current roadmap should be conducted, and a refreshed digital roadmap should be created for the following 4 year period.

## Timeline

Tango have aligned the Roadmap with the DLGSC requirement that a strategy be reviewed and refreshed every 4 years. This Roadmap outlines implementation over 4 phases, spread out across the 4 year period. The proposed indicative schedule may vary depending on the solutions chosen by the SoDB.

The below table is a simplified version of the Roadmap timeline provided Appendix 1.

Indicative Roadmap Timeline	2026		2027		2028		2029		2030
	Phase 1		Phase 2		Phase 3		Phase 4		
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
SynergySoft (ERP) Replacement	Red	Yellow	Green	Green	Blue				
Supporting Technology Systems	Red		Yellow	Green	Green	Green	Blue		
Business Intelligence	Red				Yellow	Green	Green	Blue	
ICT Governance Framework	Red	Yellow	Green						
ICT Governance - Security	Red	Yellow	Green	Blue					
ICT Governance - Data Governance	Red	Yellow	Green						
ICT Governance - Records Management	Green	Green	Blue						
ICT Governance - Project Management Framework	Red	Yellow	Green						
Governance - ICT Procurement	Red	Yellow	Green						
Governance - ICT Asset Management	Red	Yellow	Green						
Digital Services for the Community	Red				Green	Green	Blue		
Connectivity	Red	Yellow	Green	Green	Green	Green	Green	Green	Blue

Legend	
Business Case approval, planning and requirements definition	Red
Procurement and contracting, kick-off and process mapping	Yellow
Implementation, including data cleansing and migration	Green
Testing, Go-Live, post Go-Live support and decommissioning of legacy systems	Blue

## Approach

Tango's approach to developing the Digital Roadmap for the Shire of Donnybrook Balingup is a three step process commencing with a comprehensive Current State assessment. The **Current State** outlined the key objectives, business drivers and guiding principles; and provided a summary of information gathered regarding the current technology architecture in place across the organisation. The findings of this analysis are summarised in the first section of this report.

The **Future State** section provides recommendations for the ideal future state technology, based upon the information gathered in the current state assessment, supplemented with industry trends and best practice, particularly as they relate to the Shire of Donnybrook Balingup.

The final step is the **Roadmap**, which includes a Gantt chart illustrating on how the Shire of Donnybrook Balingup can transform from current state IT to the desired future state.

The aim is to provide the Shire of Donnybrook Balingup with a tool to plan technology investments over the next 5 years. This should be treated as a living document, to be reviewed and updated in line with new operational strategic decisions.

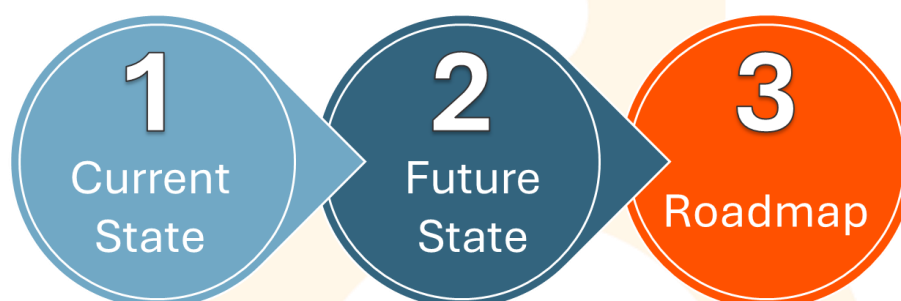


Figure 1 Tango Roadmap Steps

## Background

The Shire of Donnybrook Balingup is a small regional local government in Western Australia with a small workforce distributed across multiple service areas across the towns of Donnybrook and Balingup.

The current technology landscape has evolved organically over many years without oversight or coordinated planning, resulting in multiple disparate systems with limited integration. This lack of integration results in significant manual processing and workarounds to address deficiencies in system workflows.

This strategy aims to provide the Shire with a coordinated approach to technology. While the end-of-life status of the core enterprise system (SynergySoft) adds urgency to technology planning, this strategy addresses broader needs including improving service delivery, supporting staff and enabling better community engagement through modern, integrated digital solutions.

The transition from current to future state necessitates modernising work processes and streamlining operations through digital technologies.

## Objectives

The Shire of Donnybrook Balingup's objectives for developing an ICT Strategy and digital Roadmap are as follows:

1. **Modern, sustainable technology platforms:** Legacy systems are progressively replaced or upgraded with supportable, cloud-ready solutions that can scale with future council and community needs.
2. **Streamlined and integrated systems:** Core applications are consolidated and integrated, reducing duplication, manual work and errors, and enabling end to end digital processes.
3. **Improved cybersecurity and resilience:** ICT environments and practices meet agreed or evolving baseline security standards, reducing the likelihood and impact of cyber incidents and supporting business continuity.
4. **Stronger governance and transparency:** ICT decisions, risks and investments are guided by clear frameworks and standards, improving accountability and alignment to Council's strategic plans.
5. **Intuitive tools that empower staff:** Staff have access to simple, user friendly systems and digital workflows that support efficient ways of working and improve job satisfaction.
6. **Connected digital services for the community:** Ratepayers, residents and visitors able to access information digitally, transact online and stay informed with integrated ICT systems.

## Current State Analysis

The Current State Assessment document (Attachment A) outlines the current practices and challenges across various business processes within the Shire of Donnybrook Balingup, highlighting issues related to fragmentation of ICT systems, manual processes and workarounds, data storage and centralisation issues management and communication inefficiencies.

The following is a summary of the findings.

- ✓ **Fragmented technology:** Technology systems function in silos with limited integration. Workarounds to address the lack of integration include manual data capture and manual data processing, increasing the risk of errors in data.
- ✓ **Critical System Obsolescence:** The core financial system, SynergySoft, is end of life (EOL) and support and maintenance has been scaled back to critical security patches only.
- ✓ **Fragmented and duplicate data sources:** Due to limited system integration, business units rely on complex Smartsheet's as sources of truth. There is duplication of data in multiple locations, creating risks around data integrity and governance. Executives lack right-time visibility into organisational performance, relying on retrospective lag reporting due to the due to data fragmentation and the difficulty of aggregation.
- ✓ **ICT Oversight:** There is limited oversight and governance of technology. Technology investment is decentralised and purchasing is done via department budgets. Ageing or vulnerable technology is not identified and managed appropriately, increasing operational and cyber risk.
- ✓ **Internal knowledge base:** There are no internal ICT resources and ICT knowledge exists in silos within the organisation. There is a heavy dependence on the Managed Service Provider (MSP) to bridge gaps in internal knowledge.
- ✓ **ICT Project Methodology:** There is no formal project methodology applied to ICT projects, which decreases the likelihood of projects meeting the required outcomes efficiently and effectively.
- ✓ **Cyber Security:** The MSP has significantly improved cyber security for managed systems; however unsupported ICT systems still pose a cyber risk. The SoDB aim to implement the Essential Eight governance framework (Maturity Level 1) for all ICT systems. In addition, staff cyber awareness is low and untested, and this poses a risk in itself.
- ✓ **Technology experience (Staff):** The current systems require paper form based data capture and manual data entry. Data entry between systems is also manual. Manual processing is time consuming and inefficient for staff. System interfaces are not intuitive, are difficult to use and often unreliable. Mobile access across the Shire is patchy and unreliable.

- ✓ **Technology experience (Ratepayers and Residents):** There is limited ability for ratepayers, residents and visitors to engage digitally with the SoDB. Internet connectivity is patchy and decreases the chance of digital engagement while not in an internet enabled facility.
- ✓ **Technology experience (Suppliers):** There was limited feedback on any concerns from suppliers.

## Future State

Following the analysis of the Shire of Donnybrook Balingup's current operational landscape, it is clear that while the organisation has successfully operated for a long time, its ICT systems have grown over that time without oversight or ICT guiding principles and without integration and it is heavily reliant on key staff to manage the information flow between systems and business units. The current ICT infrastructure is aged and not always secure or maintained. The Shire does not currently leverage many of the more modern ICT service delivery options available.

This section provides recommended initiatives for the ideal future state technology, based upon the information gathered in the current state assessment, and defines the goals and expected outcomes for each recommended initiative.

## Business Drivers for Change

The recommended digital future state for Shire of Donnybrook Balingup is shaped by the following core business drivers:

- ✓ **Improving Operational Efficiency** – inefficient, non-integrated systems and significant duplication of data entry into multiple systems are causing staff to spend large amounts of time on low-value activities. Having minimal ICT systems, fully integrated, with efficient automation and workflow and user friendly, intuitive front ends will streamline business processes and free up staff time to focus on higher-value activities. New, efficient systems allows the council to operate more cost effectively.
- ✓ **Single source of truth** – there are many different 'sources of truth' across the business, and data is replicated across these data repositories inconsistently. Aggregation of information across data sources is both time consuming and labour intensive, and this means that there is a lack of real time visibility over operational performance. A single source of truth, with data entered once, validated upon entry and cascading to through systems.
- ✓ **Oversight** – the current ICT environment has evolved slowly over many years without planning or oversight, and the SoDB lacks visibility over their ICT assets (infrastructure and software) and the associated ongoing costs. Implementation of an ICT Governance framework and ICT Asset Management will help the SoDB to plan and

manage their ICT assets effectively and efficiently, manage the associated costs and remain fully compliant with OAG and DLGSC requirements.

## Emerging Trends

To support its mission, the Shire of Donnybrook Balingup's digital strategy must leverage key technology trends. The following have been identified as highly relevant to a small, regional development agencies focused on enhancing organisational capability and delivering community outcomes.

- ✓ **Modern Cloud Platforms (SaaS & PaaS):** Shifting from managing infrastructure to consuming fully managed cloud services (like Microsoft 365 and its broader platform) directly addresses the cost and complexity of the current virtual desktop environment. This approach reduces management overhead and provides a more flexible, secure, and modern user experience.
- ✓ **Zero Trust Security Architecture:** Adopting a "never trust, always verify" Zero Trust security model is critical for a modern government agency. It moves security from the network perimeter to the individual user and device, which is essential for protecting data in a flexible, cloud-first workplace. This is achieved through strong MFA, conditional access policies, and network segmentation.
- ✓ **Hyper-automation and Process Digitisation:** This trend addresses operational inefficiencies by using technology, to digitise and automate manual processes. For a small team, this is crucial for freeing up significant staff time from administrative tasks to focus on core regional development activities. This includes digitising forms, automating records capture, and creating workflows for approvals and communications.
- ✓ **Generative AI and Enhanced Analytics:** Generative AI acts as a force multiplier for small organisations. It can automate content creation, summarise complex information, and provide deep analytical insights into regional data, freeing up staff for strategic work. This can be used for analysing grant proposals, drafting reports, and identifying new economic opportunities.

## Future Technology Principles

The technology principles to be applied under this Roadmap are:

- ✓ **Software as a Service (SaaS)** – this is the first choice for new technology systems.
- ✓ **Cloud based systems** - moving away from ageing on-premises hardware in favour of secure cloud environments. This ensures staff can work effectively from any location while providing robust, automated disaster recovery and cybersecurity protection.
- ✓ **Integrated systems** – new technology systems must be as integrated as possible with existing technology systems. A priority is that applications are able to exchange information via API.
- ✓ **Single Source of Truth:** systems must be integrated so that data is entered once and updated everywhere.
- ✓ **Mobile and Field Usage:** technology must be accessible where the work happens. Applications for field staff must be simple, mobile-optimised, and capable of working in remote environments to ensure high compliance and real-time data capture.
- ✓ **Mobile device management** – mobile devices should be managed via (Mobile Device Management (MDM) so that usage can be controlled, theft or loss can be managed immediately and remotely. This is particularly important where staff use their personal devices for work purposes (BYOD).
- ✓ **Intuitive** – new technology systems should be easy and intuitive to use. Automation and workflows should be designed to support the work being done.

## Strategic Objectives

The following table groups the strategic objectives into initiatives and identifies the gaps being addressed.

Several key areas have been identified for improvement to help the organisation achieve the objectives set out in creating the digital roadmap. These are described in the table below.

Initiative	Strategic Objective	Steps	Gap addressed
<b>SynergySoft (ERP) Replacement</b>	<p><b>Replace SynergySoft system</b></p> <ul style="list-style-type: none"> <li>✓ SynergySoft is EOL, migration to replacement system imperative</li> <li>✓ Leverage modern technology types, have an appropriate application stack for present and future needs</li> <li>✓ Clear set of requirements for all business applications</li> </ul>	<ul style="list-style-type: none"> <li>✓ Develop and approve business case</li> <li>✓ Gather ERP system requirements</li> <li>✓ Go to market</li> <li>✓ Evaluate ERP systems</li> <li>✓ Negotiate and award contract</li> <li>✓ Implementation project</li> <li>✓ Data cleansing and migration</li> <li>✓ Staff training</li> <li>✓ Go-live</li> </ul>	<ul style="list-style-type: none"> <li>✓ Fragmented and ageing technology environment and lack of integration between applications</li> <li>✓ Non-compliance with Essential 8 Level 1</li> <li>✓ Lack of digital data capture and one time validating of data upon entry</li> <li>✓ Lack of easy to use systems for staff</li> <li>✓ Lack of mobile device management</li> <li>✓ Business applications not embedded into SoDB website, no self service for ratepayers, residents, suppliers and local businesses</li> <li>✓ No single 'source of truth'</li> <li>✓ Lack of streamlined workflows or automation</li> </ul>
<b>Supporting Technology Systems</b>	<p><b>Replace peripheral systems</b></p> <p><i>(for systems not included in new ERP scope)</i></p> <ul style="list-style-type: none"> <li>✓ Replace peripheral systems with modern, easy to use, ERP integrated supporting technology systems</li> </ul>	<ul style="list-style-type: none"> <li>✓ Develop and approve business case(s)</li> <li>✓ Gather system(s) requirements</li> <li>✓ Go to market</li> <li>✓ Evaluate systems</li> <li>✓ Negotiate and award contract(s)</li> <li>✓ Implementation project</li> </ul>	<ul style="list-style-type: none"> <li>✓ Fragmented and ageing technology environment and lack of integration between applications</li> <li>✓ Non-compliance with Essential 8 Level 1</li> <li>✓ Lack of easy to use systems for staff</li> <li>✓ No single 'source of truth'</li> </ul>

Initiative	Strategic Objective	Steps	Gap addressed
	<ul style="list-style-type: none"> <li>Minor project to set up specialist collaboration points (e.g. council collaboration space)</li> </ul>	<ul style="list-style-type: none"> <li>Data cleansing and migration</li> <li>Staff training</li> <li>Go-live</li> </ul>	<ul style="list-style-type: none"> <li>Lack of streamlined workflows or automation</li> <li>Lack of secure site for Council collaboration</li> </ul>
<b>Business Intelligence</b>	<p><b>Operational reporting</b> <i>(if not included in new ERP scope)</i></p> <ul style="list-style-type: none"> <li>Implement business intelligence tools to enable reporting on operational performance</li> </ul>	<ul style="list-style-type: none"> <li>Develop and approve business case(s)</li> <li>Gather system(s) requirements</li> <li>Go to market</li> <li>Evaluate systems</li> <li>Negotiate and award contract(s)</li> <li>Implementation project</li> <li>Data cleansing and migration</li> <li>Staff training</li> <li>Go-live</li> </ul>	<ul style="list-style-type: none"> <li>Reporting to support progress against the Council's strategic plans</li> <li>Lack of easy to use systems for staff</li> <li>Lack of integration between applications</li> <li>Lack of integrated reporting</li> <li>Lack of easy ability to report on compliance with PRIS, OAG etc.</li> </ul>
<b>ICT Governance Framework</b>	<p><b>Established ICT governance framework</b></p> <ul style="list-style-type: none"> <li>Establish an easy to use, appropriately scaled ICT governance framework, with Policies, processes and procedures and clearly defined roles and responsibilities</li> <li>Policies set at Council and ELT level, processes and procedures at Corporate Function Manager and System Owner level</li> </ul>	<ul style="list-style-type: none"> <li>Establish roles and responsibilities, and Policy review cycle</li> <li>Establish ICT use Policies</li> <li>Establish Cyber Security Policy</li> <li>Review (amend if required) Privacy Policy</li> <li>Establish Records Management Policy</li> <li>Establish Project Governance framework (including Change Management)</li> <li>Review ICT Procurement Policy (will include ICT Supplier Management)</li> <li>Establish ICT Asset Management</li> </ul>	<ul style="list-style-type: none"> <li>No established ICT governance, including risk management</li> <li>No strategic view of ICT assets</li> <li>Immature ICT Policy, processes and procedures</li> <li>ICT procurement is decentralised</li> <li>Limited ICT Asset Management</li> <li>No dedicated ICT budget (post project completion)</li> <li>Lack of ICT Project Management methodology</li> <li>No mobile device management</li> <li>Unsupported ICT systems are not compliant with Essential 8 Level 1</li> </ul>

Initiative	Strategic Objective	Steps	Gap addressed
		<ul style="list-style-type: none"> <li>✓ Establish ICT Service Management governance (MSP)</li> <li>✓ Establish Mobile Device Management (MDM) Policy</li> <li>✓ Establish Reporting protocols</li> <li>✓ Establish AI usage Policy</li> <li>✓ MSP – Essential 8 Level 1 compliance</li> <li>✓ Review MSP - ITIL compliance, service management compliance with governance</li> <li>✓ Staff training</li> </ul>	<ul style="list-style-type: none"> <li>✓ No established and tested BC or DR processes</li> <li>✓ No ICT supplier management</li> <li>✓ No clearly defined SoDB internal ICT manager and systems administration roles</li> </ul>
<p><b>ICT Governance - Security</b></p>	<p><b>Meeting the requirements of Essential 8 Level 1</b></p> <ul style="list-style-type: none"> <li>✓ Establish a Cyber Security Policy that meets Essential 8 Level 1</li> <li>✓ Improved staff cyber knowledge and compliance for all staff</li> </ul>	<ul style="list-style-type: none"> <li>✓ Assess and develop a task list which will ensure that the requirements of Essential 8 Level 1</li> <li>✓ Implement controls for high risk items</li> <li>✓ Tasks to achieve Level 1 compliance</li> <li>✓ Staff training</li> <li>✓ Refresher training in LMS</li> <li>✓ Complete all tasks</li> <li>✓ Independent audit of compliance</li> <li>✓ Review BCP and DRP plans and revise as required</li> <li>✓ Conduct BCP and DRP tests</li> <li>✓ Implement periodic BCP and DRP testing plan</li> <li>✓ Establish cyber and security (including physical security) procedures</li> </ul>	<ul style="list-style-type: none"> <li>✓ Not compliant with Essential 8 (OAG requirement)</li> <li>✓ Limited cyber security for systems and devices not supported by the MSP</li> <li>✓ No internal ICT management or systems administration roles</li> <li>✓ Limited staff cyber security knowledge levels</li> <li>✓ Untested Business Continuity and Disaster Recovery Plans</li> <li>✓ No centralised ICT problem management across all areas/suppliers</li> </ul>

Initiative	Strategic Objective	Steps	Gap addressed
		<ul style="list-style-type: none"> <li>✓ Establish staff training (adding to LMS)</li> <li>✓ Establish testing regime for staff cyber awareness</li> </ul>	
ICT Governance – Data Governance	<b>Established Data Governance</b> <ul style="list-style-type: none"> <li>✓ Establish a Data Governance policy applicable to data assets held by the SoDB</li> <li>✓ Compliance with PRIS legislation requirements</li> </ul>	<ul style="list-style-type: none"> <li>✓ Conduct a SoDB data asset maturity analysis and risk assessment</li> <li>✓ Inventory data assets, classify and assign of business custodians</li> <li>✓ Establish data asset principles and procedures</li> <li>✓ Apply the Policy to data assets</li> <li>✓ Staff training</li> </ul>	<ul style="list-style-type: none"> <li>✓ Not PRIS compliant</li> <li>✓ Data is not accurate, consistent and reliable across all systems</li> <li>✓ No single ‘source of truth’</li> <li>✓ No integrated reporting</li> <li>✓ Lack of digital data capture and one time validating of data upon entry</li> <li>✓ Limited staff understanding of PRIS requirements</li> </ul>
ICT Governance - Records Management	<b>Replace SynergySoft Records Management</b> <i>(project commenced)</i> <ul style="list-style-type: none"> <li>✓ SynergySoft is EOL, its Records Management module requires replacement</li> <li>✓ Records Management Policy</li> <li>✓ Decommissioning of old storage locations (shared drives, USB, one drives etc)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Records asset inventory, classification and assignment of business custodians</li> <li>✓ Implementation of new records management system – Monarch</li> <li>✓ Migration of Records from SynergySoft to Monarch</li> <li>✓ Staff training</li> <li>✓ Decommissioning of shared drives</li> </ul>	<ul style="list-style-type: none"> <li>✓ Not PRIS compliant</li> <li>✓ Multiple unsecured Record repositories</li> <li>✓ Records not accurate, consistent and reliable across repositories</li> <li>✓ Limited staff understanding of Record Management</li> </ul>
ICT Governance - Project Governance	<b>Established ICT Project Management framework</b> <ul style="list-style-type: none"> <li>✓ Establish ICT Project Management framework and processes and procedures</li> <li>✓ Establish Change Management</li> </ul>	<ul style="list-style-type: none"> <li>✓ Requirements definition</li> <li>✓ Evaluate, assess and select appropriate ICT Project framework</li> <li>✓ Implementation, including establishment of ICT project processes and procedures, and integration into other</li> </ul>	<ul style="list-style-type: none"> <li>✓ No risk profile for new ICT assets</li> <li>✓ No structured planning for ICT projects, no clear set of requirements for new business applications</li> <li>✓ Fragmented technology</li> </ul>

Initiative	Strategic Objective	Steps	Gap addressed
	<p>processes and procedures</p>	<p>governance areas such as ICT Asset Management and ICT Procurement</p> <ul style="list-style-type: none"> <li>✓ Staff training</li> </ul>	<p>environment. Non integrated systems</p> <ul style="list-style-type: none"> <li>✓ No internal ICT management or systems administration roles. No clear roles and responsibilities in managing and overseeing ICT assets.</li> <li>✓ ICT procurement and management is decentralised</li> <li>✓ Limited ICT Asset Management</li> <li>✓ No clear compliance with Essential 8 Level 1</li> <li>✓ No handover process from project to operations for ongoing support.</li> </ul>
<p><b>Governance - ICT Procurement</b></p>	<p><b>Established ICT Procurement processes and procedures</b></p> <ul style="list-style-type: none"> <li>✓ Amendment of existing Procurement Policy, processes and procedures, to ensure ICT assets are procured according to SoDB standards and plans</li> <li>✓ ICT Procurement Policy</li> <li>✓ ICT procurement processes and procedures</li> <li>✓ ICT Supplier Management methodology</li> <li>✓ ICT procured in accordance with Council ICT investment plans</li> </ul>	<ul style="list-style-type: none"> <li>✓ Review existing Procurement Policy and update to include ICT procurement</li> <li>✓ Establish ICT procurement specific processes and procedures, integrate with ICT Asset Management and ICT Project Management processes and procedures, and other ICT governance processes and procedures as required</li> <li>✓ Establish ICT Supplier Management methodology and procedures</li> <li>✓ Staff training</li> </ul>	<ul style="list-style-type: none"> <li>✓ No risk profile for new ICT assets</li> <li>✓ No strategic view or lifecycle management for ICT</li> <li>✓ ICT procurement and management is decentralised</li> <li>✓ No clear compliance with Essential 8 Level 1</li> <li>✓ No clear set of requirements for new business applications</li> <li>✓ Fragmented technology environment. Non integrated systems</li> <li>✓ Limited ICT Asset Management</li> <li>✓ Non standard ICT assets purchased, additional support costs</li> </ul>

Initiative	Strategic Objective	Steps	Gap addressed
			<ul style="list-style-type: none"> <li>✓ Lack of mobile device management</li> </ul>
<b>Governance - ICT Asset Management</b>	<p><b>Established ICT Procurement processes and procedures</b></p> <ul style="list-style-type: none"> <li>✓ Establishment of Asset Management Policy, processes and procedures, to ensure ICT assets lifecycle management</li> <li>✓ ICT Asset Management Policy</li> <li>✓ ICT Asset Management processes and procedures</li> <li>✓ Centralised BAU ICT budget</li> </ul>	<ul style="list-style-type: none"> <li>✓ Establish ICT Asset Management Policy</li> <li>✓ Establish ICT Asset Management framework and processes and procedures (include MSP as required), integrate with ICT Procurement processes and procedures, and other ICT governance processes and procedures as required</li> <li>✓ Establish centralised ICT budget for BAU</li> <li>✓ Staff training</li> </ul>	<ul style="list-style-type: none"> <li>✓ Limited ICT Asset Management</li> <li>✓ No risk profile for new ICT assets</li> <li>✓ No strategic view or lifecycle management for ICT</li> <li>✓ Fragmented and ageing technology environment</li> <li>✓ Non standard ICT assets purchased, additional support costs</li> <li>✓ No centralised BAU budget for ongoing ICT costs</li> <li>✓ Lack of mobile device management</li> </ul>
<b>Digital Services for the Community</b>	<p>Enable digital services for SoDB customers / stakeholders</p> <ul style="list-style-type: none"> <li>✓ Enable digital services via the SoDB website or secure portals for SoDB ratepayers, residents, local businesses or visitors</li> <li>✓ Information fed direct to correct department</li> <li>✓ Support delivery of Council's strategic plans</li> </ul>	<ul style="list-style-type: none"> <li>✓ Business applications integrated with website</li> <li>✓ Automated publishing of Council information</li> <li>✓ Online bookings</li> <li>✓ Tracking progress on Council applications</li> <li>✓ Single point of data entry with automated data cascade through integrated systems</li> <li>✓ Supplier portal</li> <li>✓ Property and Rating payment management</li> <li>✓ Infringement payment management</li> <li>✓ Website chatbots (AI or other tools)</li> <li>✓ Staff training</li> </ul>	<ul style="list-style-type: none"> <li>✓ Inability to digitally connect with customer base</li> <li>✓ Lack of digital data capture and one time validating of data upon entry</li> <li>✓ Business applications not embedded into SoDB website, no self service for ratepayers, residents, suppliers and local businesses</li> <li>✓ Lack of streamlined workflows or automation (data cascade through systems)</li> </ul>

Initiative	Strategic Objective	Steps	Gap addressed
<p><b>Connectivity</b></p>	<p><b>Improved internet connectivity across the SoDB</b></p> <ul style="list-style-type: none"> <li>✓ Improve internet coverage across the SoDB</li> </ul>	<ul style="list-style-type: none"> <li>✓ Investigate available options to improve connectivity (Telstra, Starlink, NBN)</li> <li>✓ Develop and approve business case(s)</li> <li>✓ Gather system(s) requirements</li> <li>✓ Go to market</li> <li>✓ Evaluate systems</li> <li>✓ Negotiate and award contract(s)</li> <li>✓ Implementation project</li> <li>✓ Identify where changes are required in associated Governance initiatives (Security, ICT Asset Management etc.) and implement required changes</li> <li>✓ Staff training</li> </ul>	<ul style="list-style-type: none"> <li>✓ Inability to digitally connect with customer base</li> <li>✓ Lack of digital data capture and one time validating of data upon entry</li> <li>✓ Lack of streamlined workflows or automation (data cascade through systems)</li> <li>✓ Lack of stable internet connection to systems when working remotely</li> <li>✓ Lack of ability to digitally transfer data captured in the field into business applications</li> </ul>

## Initiative Details

The following is a summary of the recommendations identified above:

### SynergySoft (ERP) Replacement

The replacement of SynergySoft is a priority as it is end of life and support is minimal. Replacing SynergySoft with a new ERP system will allow the SoDB to take advantage of modern technology solutions to drive operational efficiencies and improve engagement with the community. Modern technology systems allow users to benefit from continued improvements to infrastructure, software and security functionality without disruption to operations.

The SoDB should note that other SynergySoft customers may also be looking to replace SynergySoft within the same timeframe as the SoDB, and that this may put pressure on the availability of appropriately skilled resources.

#### ERP FUNCTIONALITY

Local Council ERP systems typically provide functionality which covers most, if not all, of a Council's business functions.

Standard functionality for a local council ERP may include some, or all, of the following modules:

- Animal Management
- Asset Management
- Building and Planning
- Business Strategy and Planning
- Cemeteries
- Child, Aged and Health Care
- Community and Culture
- Community Facilities & Bookings
- Contracts Management
- Customer Experience/CRM
- Drainage and Water Management
- Elections
- Emergency Management
- Environment
- Facilities and Services
- HR
- Internal Auditing
- Learning Management System
- Leasing
- Libraries Integration
- Licensing and Compliance
- Payroll
- Policy Review
- Procurement
- Project and Job Costing / Project Management
- Property and Rates
- Records Management
- Reporting Analytics and BI
- Risk Management
- Waste Management

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- Finance
- Fleet Management
- GIS
- Governance and Elected Members
- Grants & Community Funding Management
- Workflow and Forms
- Workplace Health and Safety
- Works Management

Where a selected ERP system does not have the functionality required by the SoDB, then a 'Best of Breed' solution may be selected and integrated into the ERP system.

The implementation of a replacement ERP system will have a significant impact on Council operations both during the implementation project and beyond, with the organisation adapting to new ways of working and new methods of service delivery. The ERP replacement project will require commitment and patience from the SoDB as the organisation goes through this transition.

### ERP PROJECT STEPS

Typical steps in an ERP replacement project are:

- ✓ **Business Case, Budget and Council approval** - prepare a business case outlining the strategic reasoning, viability and return on investment benefits to the Council. This should also include a proposed budget. It may be that the Go To Market exercise is carried out first to properly and accurately inform the Business Case financials and timeframes.
- ✓ **Project roadmap and Communication planning** - establishing the vision, strategy, governance, and how you will communicate with stakeholders.
- ✓ **Current state** - documenting and understanding your existing workflows and pain points.
- ✓ **Define requirements** - using the WALGA provided templates to detail your functional and non-functional requirements as well as implementation project and ongoing support or service needs. Conducting workshops with all key stakeholders will ensure pain points and opportunities are understood and included.
- ✓ **Go to market** - issuing the formally prepared documents to respondents.
- ✓ **Evaluation and demonstrations** - scoring responses and seeing the shortlisted products in action.
- ✓ **Detailed scoping, negotiations and contracting** - finalising the scope of work and legal terms with your selected respondent.
- ✓ **Project mobilisation / kick off** - assembling the project team, both internal and from the respondent.
- ✓ **Future state process mapping** - designing your new, optimised workflows within the new system.
- ✓ **Change Management** - preparing the organisation for the upcoming changes to roles and processes.

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- ✓ **Data cleansing and migration** - cleaning your legacy data and planning its migration to the new system.
- ✓ **Systems testing** – rigorously testing the configured system (UAT).
- ✓ **Go-live** - the formal launch of the new ERP system.
- ✓ **Post Go-Live support** - a period of intensive respondent and project team support immediately after launch.
- ✓ **Decommissioning** - retiring the old legacy systems.
- ✓ **Business and Usual (BAU) and variation management** - transitioning to standard operational support and managing any future changes or enhancements to the system.

### FUNCTIONAL REQUIREMENTS

An important step in the transition to a new ERP is to understand and document your current technology and business processes. This current state list will form the basis for the functional requirements for the new ERP, and the SoDB should refine the base list of requirements to add preferred functionality and add new functional requirements (to address gaps in the existing functionality).

After market, the functional requirements and scope can be further refined in negotiations with the preferred vendor.

WALGA has a suite of free templates which can be used for the ERP replacement project. The templates are:

- ✓ **WALGA - ERP Scoping Template and Assessment Resources Guidance Note** – providing overarching guidance for the entire procurement process, from initial scoping to final contract negotiations.
- ✓ **WALGA – Scoping Document Template** - the formal document that provides organisational context to respondents.
- ✓ **WALGA - Requirements and Scoring Evaluation Template** – an internal document, the master spreadsheet which will be used to define requirements, set weightings, and evaluate respondent responses.
- ✓ **WALGA - Requirements and Scoring Evaluation Template - Respondent to complete** - a simplified version of the master spreadsheet that will be issued to respondents to fill out.

These templates provide a comprehensive framework for the ERP replacement project, covering:

- Guidance over the entire procurement lifecycle.
- A structure to provide background and strategic context.
- Evaluation criteria for the Supplier, Product, Services, and Price.

### PROJECT DELIVERY FRAMEWORK

It is recommended that the SoDB establish an appropriate project delivery framework or methodology prior to commencing the project as this will be crucial to the successful delivery of the project.

The project should have a Sponsor (or Steering Committee) from the SoDB executive leadership team. The Sponsor owns the project at the executive level and is accountable for its success, and alignment with organisational strategy. The Sponsor will be a reporting and escalation line for the Project Manager.

Project management should include, at a minimum, project planning and governance, risk, change and comms management as well regular defined reporting.

### PROJECT RESOURCES

Consideration should also be given to how the project will be resourced, as knowledge of the current systems and processes lies with System Owners and Subject Matter Experts (SME's) within the SoDB and their knowledge will be invaluable in ensuring that the new ERP systems is configured to the SoDB's requirements.

Where internal resources do not exist or cannot be freed up to participate in the project, then appropriately skilled external ICT project resources or service providers should be sourced to provide support and guidance to the vendor, Systems Owners and SMEs as they work through the ERP replacement project. Resource requirements will include the following roles:

- ✓ Project management
- ✓ Change and comms management
- ✓ Procurement (variation management)
- ✓ BAU Backfill (for SMEs)
- ✓ Business analyst
- ✓ Testing
- ✓ Training
- ✓ Data migration
- ✓ Configuration (SME's)
- ✓ Documentation

The SoDB Project Manager responsibilities will include overseeing and managing third party vendors (including the ERP vendor) and contractors involved in the project. Resources may be used for all, or only parts of a project and actual anticipated usage should be mapped out at the beginning of the project.

Data migration is a specialist skillset and requires a resource who has a depth of knowledge on how to: to assess existing data, map data across both ERP systems, cleanse it, transform it, migrate it and support testing in the new ERP to ensure that migrated data is processing and displaying as expected.

Once the technology is in place it is expected that many manual processes will have been removed, freeing up staff time to focus on more value added areas. It is not expected that this will result in any job cuts but may result in the need for different skills in some roles to take advantage of the new functionality and reporting capability.

### TRAINING AND DOCUMENTATION

Training of staff will occur as each module of the ERP system is implemented. Where appropriate, refresher training should be developed and added to the Learning Management System (LMS) for ongoing training needs and for staff onboarding.

Specific training in cross-functional processes should be provided for specific staff, such as System Owners.

An important part of any ERP project is the documentation of the changes to processes and procedures and operational manuals which occur from the change of ERP system. Training documentation will need to be produced for staff training purposes and operational manuals will need to be produced to replace redundant operational manuals. Where new functionality will be introduced (where there was no technology solution), new processes, procedures and operational manuals and staff training will also need to be produced.

### PROJECT TIMEFRAMES

The ERP replacement project may take anywhere between 9 and 24 months, depending on the number of modules within that system selected for implementation and the level of integration required with supporting technology systems or selected 'best of breed' systems. The bulk of the effort will be in phase 2, with testing and Go-Live at the end of phase 2.

Once the ERP is live, there will be a period of ~12 months where new systems and processes become embedded into BAU.

The timeline in Appendix 1 is based on the following assumptions:

- ✓ ERP system implementing core functionality including Finance, Property and Rating, Works Management, Procurement, HR and Payroll.
- ✓ Assumes Big Bang approach (all modules Go-Live at the same time) – drip fed, not big bang
- ✓ No more than 3 integrations with other technology systems – will need more integrations, 3 is not achievable
- ✓ Selected data migration (Bluefield migration)

### COSTS

An ERP implementation project can be costly, as there are many layers of cost involved. Some of the cost components will be:

- ✓ Internal resource costs (where working on the project, plus cost of backfill of role)
- ✓ Overlapping licence fees for a period (old licence and new subscription licence)
- ✓ ERP vendor implementation services
- ✓ Specialist project consultants

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- ✓ Change management, training and documentation
- ✓ Support and/or maintenance

These costs change over the various phases of the project such as preparation, implementation and go-live. If a project timeframe extends, costs will increase as the project consumes more resources time than originally anticipated.

Once go-live has occurred, the BAU costs of the new ERP may be different as annual indexed pricing escalators may apply to the subscription licence, and changes to active users counts and types will impact BAU costs.

### *Disclaimer:*

The pricing in the table below is indicative pricing only. It is averaged pricing based on real pricing from several recent projects for ERP replacements for local government agencies with a similar profile to the SoDB. Pricing data has been anonymised to preserve confidentiality. Actual pricing will only be available after a procurement exercise has selected an ERP vendor. The selection of an ERP system and the modules to be implemented will affect the actual price, and the actual price may differ from the prices in the table below.

All pricing is based on the assumptions listed below.

### ASSUMPTIONS

Assumptions used in the indicative pricing are:

- ✓ SoDB used the WALGA templates to define requirements and procure
- ✓ The old ERP licence and the new ERP licences will run side by side for a period of ~12 months (this should be negotiated with the new ERP vendors before contracts are signed as they may agree to a sliding scale of licence costs prior to go-live).
- ✓ There is no increase in the licence fees for SynergySoft.
- ✓ No annual pricing escalation has been applied to the new ERP subscription licence.
- ✓ Suitably skilled and experienced resources are sourced from specialist ICT consultancy or project services company.
- ✓ The annual cost for staff roles listed incorporates employer overhead costs of 25% over salary.
- ✓ No allowance has been made for any annual pay increases for SoDB staff.
- ✓ If personnel need to be recruited for any of the roles in the table below, then an additional 10% should be added to the annual cost (for the recruitment year only) to account for the cost of recruitment.
- ✓ The Project Manager role will be required for all of the roadmap initiatives and will be mostly full time (see Resource Plan). Pricing assumes that the role is filled by an internal staff member (existing or recruited).

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- ✓ The Change Manager role will be required for all of the roadmap initiatives but will be mostly part time (see Resource Plan). Pricing assumes that the role is filled by an internal staff member (existing or recruited).
- ✓ The Business Analyst role is required for most of the roadmap initiatives but will be required full time at times and part time or ad-hoc at others (see Resource Plan). Pricing assumes that the role is filled by an internal staff member (existing or recruited).
- ✓ The Data Migration consultant is an external consultant who will be required for the ERP Replacement project. The Data Migration consultant will be involved in the planning of the ERP Replacement project but will be required full time during the ERP implementation (see Resource Plan).
- ✓ No allowance has been made for a Data Migration consultant (other than the ERP Replacement project).
- ✓ The Business Case for the ERP Replacement project is approved after procurement concludes.
- ✓ The pricing assumes that the roadmap is accepted and the first initiative, the ERP Replacement project, commences in May 2026. The dates below remain true if commencement is May 2026.
  - ✓ Preliminary work (Apr to Jun 2026) ERP requirements gathering (using WALGA templates) in May 2026. Tender issued to market May/June 2026.
  - ✓ Year 1 (Jul 2026 – Jun 2027) 4 months for procurement (evaluation, negotiation and contract award) Business Case approved in Oct/Nov 2026, implementation project activity commencing between Nov 2026 and Jan 2027
  - ✓ Year 2 (Jul 2027 – Jun 2028) implementation activities ongoing, testing ~April – May 2028, with Go-Live ~June 2028
  - ✓ Year 3 (Jul 2028 – Jun 2029) post Go-Live support and bedding in activities, BAU
- ✓ Variations to project scope or project duration will have an associated increase in cost.
- ✓ An allowance for travel has been included for vendors and consultants to attend site.
- ✓ A contingency of 10% of the total project cost has been included. The percentage can be adjusted up or down in accordance with the project risk profile.
- ✓ ERP BAU cost profile is software licencing costs only. It does not include staff or MSP costs.
- ✓ No costs have been included for an uplift in support costs if the MSP's scope is increased to include support of any new technology system, including the ERP.

The following table is a summary of the ERP Replacement project costs.

ERP Replacement Project	Lower Range	Upper Range	Unit of Measure	Duration	Comments
ERP - detailed requirements and procurement	\$ 25,000.00	\$ 40,000.00	Months	6	One time charge
Project Manager	\$ 360,000.00	\$ 600,000.00	Years	3	Total across duration
Change and Comms Manager	\$ 300,000.00	\$ 500,000.00	Years	2.5	Total across duration
Business Analyst	\$ 240,000.00	\$ 400,000.00	Years	2	Total across duration
Data Migration Consultant	\$ 200,000.00	\$ 300,000.00	Years	1	Total across duration
ERP Vendor Implementation Costs	\$ 220,000.00	\$ 470,000.00	Years	2	One time charge
<b>Potential Investment</b>	<b>\$ 1,345,000.00</b>	<b>\$ 2,310,000.00</b>			

ERP licence costs during the project would be covered by the project budget, with handover of costs into BAU budget occurring at Go-Live.

## Supporting Technology systems

ICT systems which do not form part of the scope of the ERP replacement project will need separate projects to deliver each system. This roadmap assumes that projects to procure and implement non-ERP technology systems will commence procurement in phase 2, with implementation in early phase 3. This timeline can be moved, depending on the SoDB's appetite to undertake ICT transformation as either a 'Big Bang' or in a more phased manner.

The integration of supporting technology systems with the ERP will be crucial to ensure that the objectives of the future state are met.

Separate projects will use most of the methodology outlined in the ERP Replacement project, but the process and methodology may be scaled down to suit the complexity (particularly of integration), value and risk of this project.

### FUNCTIONAL REQUIREMENTS

An important step in the transition to a new ICT system is to understand and document your current technology and business processes. This current state list will form the basis for the functional requirements for the new system, and the SoDB should refine the base list of requirements to add preferred functionality and add new functional requirements (to address gaps in the existing functionality).

After market, the functional requirements and scope can be further refined in negotiations with the preferred vendor.

Functional requirements should include integration with the ERP system.

### TRAINING AND DOCUMENTATION

Training of staff will occur as each system is implemented. Where appropriate, refresher training should be developed and added to the Learning Management System (LMS) for ongoing training needs and for staff onboarding.

Specific training in cross-functional processes should be provided for specific staff, such as System Owners.

An important part of any ICT project is the documentation of changes to processes and procedures and operational manuals which may occur with the implementation of a new technology system. Training documentation will need to be produced for staff training purposes and operational manuals will need to be created for any new technology systems.

### PROJECT TIMEFRAMES

The Supporting Technology Systems project may take anywhere between 9 and 24 months, depending on the number of separate systems being selected for implementation and the level of integration required with the ERP system. The bulk of the implementation effort will be in phase 2, with testing and Go-Live in phase 3.

Once the new systems are live, there will be a period of ~12 months where new systems and processes become embedded into BAU.

The timeline in Appendix 1 is based on the following assumptions:

- ✓ No more than 3 integrations with the ERP, or other technology systems
- ✓ Selected data migration (Bluefield migration)

## COSTS

An ICT system implementation project can be costly, as there are many layers of cost involved. Some of the cost components will be:

- ✓ Internal resource costs (where working on the project, plus cost of backfill of role)
- ✓ Licence fees (may be payable during implementation period)
- ✓ Implementation services
- ✓ Specialist project consultants
- ✓ Change management and training
- ✓ Support and/or maintenance

These costs change over the various phases of the project such as preparation, implementation and go-live. If a project timeframe extends, costs will increase as the project consumes more resource time than originally anticipated.

Once go-live has occurred, the BAU costs of the new ERP may be different as annual indexed pricing escalators may apply to the subscription licence, and changes to active users counts and types will impact BAU costs.

As the actual technology systems will not be known until the functional requirements of the ERP system are documented, it is not possible to give truly accurate costs for these projects.

## Business Analytics (if applicable)

If a Business Intelligence tool (BI) is not included in the scope of the ERP Replacement project, then it will form a separate, discrete project.

It is recommended that the functional requirements for the ERP include modern, user driven, intuitive and flexible reporting capability. Including reporting and BI in the scope of the ERP may negate the requirement for a separate BI system.

Separate projects will use most of the methodology outlined in the ERP Replacement project, but the process and methodology may be scaled down to suit the complexity (particularly of integration), value and risk of this project.

This roadmap assumes that the project to procure and implement BI will commence procurement in the later part of phase 2, with implementation taking place in phase 3 and Go-Live in phase 4. This timeline can be moved, depending on the SoDB's appetite to undertake ICT transformation as either a 'Big Bang' or in a more phased manner.

The BI system will be integrated with the ERP system, and the ERP system needs to be fully functional in order to supply the BI system with data.

### FUNCTIONAL REQUIREMENTS

An important step is to understand and document your requirements of the new BI system. This list will form the basis for the functional requirements for the new system, and the SoDB should refine the base list of requirements to add preferred functionality and add new functional requirements (to address gaps in the existing BI functionality). Functional requirements should include integration with the ERP system.

After market, the functional requirements and scope can be further refined in negotiations with the preferred vendor.

### TRAINING AND DOCUMENTATION

Training of relevant staff will occur just prior to the implementation of the system, with refresher training on the new system once live. A BI training module should be developed and added to the Learning Management System (LMS) for ongoing training needs and for staff onboarding (where applicable).

An important part of any ICT project is the documentation of changes to processes and procedures and operational manuals which may occur with the implementation of a new (or replacement) technology system. Training documentation will need to be produced for staff training purposes and operational manuals will need to be created.

### PROJECT TIMEFRAMES

The BI project may take anywhere between 9 and 18 months, depending on the level of integration required with the ERP system.

The BI system will be implemented with some standard template reporting. After Go-Live and staff training, more reports can be developed as required by the SoDB.

## SoDB - Strategic Objectives and Roadmap

The timeline in Appendix 1 is based on the following assumptions:

- ✓ BI system is not part of the ERP scope.

As the actual technology systems will not be known until the functional requirements of the ERP system are documented, it is not possible to give truly accurate costs for this project.



## ICT Governance

ICT governance is a subset of corporate governance and focuses on how information and communication technology is planned, directed, and monitored. It sets out how ICT will be directed and controlled to support the business objectives and how ICT risks are managed. It aligns ICT investment with existing business strategies, manages ICT risks at a corporate level, and helps organisations to meet their legal and regulatory obligations.

To set up the appropriate level of ICT governance, the executive leadership team will need to work through a number of steps:

- ✓ secure executive ownership
- ✓ define what you want governance to achieve
- ✓ design simple structures and policies
- ✓ roll them out, monitor them, and refine them as appropriate

ICT governance should reflect and support existing corporate governance objectives and should include relevant elements of the SoDB's existing strategic plans.

### SECURE LEADERSHIP AND SCOPE

- ✓ Support from the ELT is crucial, it should be clear that ICT is a business enabler which requires its own governance framework within the overarching corporate governance
- ✓ Define the scope: which ICT decisions will be governed (strategy, projects, risk, cyber, data, vendors etc) and at what level (whole organisation vs specific departments)

### DEFINE OBJECTIVES AND PRINCIPLES

- ✓ Document ICT governance objectives, examples might be 'align ICT with organisational strategy', 'manage ICT risk', 'optimise ICT investment and value' or 'compliance with Privacy Act' etc
- ✓ Adopt or adapt principles to guide ICT decisions

### DESIGN STRUCTURES AND DECISION RIGHTS

- ✓ Establish forums: e.g. an Executive ICT Steering Committee and project level governance as needed
- ✓ For each forum, define mandate, membership, meeting cadence, and decision rights (what they approve, endorse, or just note)
- ✓ The example structure below can be scaled to suit the specific needs of the SoDB

Example structure:

Level	Forum	Decision making capacity
Executive	ICT Steering Committee	ICT Strategy, portfolio view, major investments, risk appetite, ICT Standards, solution options, prioritisation, policies
Delivery / Project	Project Board / Sponsor / Steering Committee	Scope, budget, risk, change control for projects

### ESTABLISH CORE POLICIES AND PROCESSES

Establish a short ICT governance policy that sets out ICT governance objectives and structures, and the ‘rules of the game’.

Establish Policies for key areas identified below and assign a business owner who is accountable for the application, monitoring and maintenance of the Policy.

- ✓ Cyber Security Policy (to apply to all third party service providers, including the MSP)
- ✓ Acceptable Use Policy
- ✓ Backup Policy
- ✓ Disaster Recovery Policy
- ✓ Review Privacy Policy and include Data Governance provisions as required
- ✓ Records Management Policy
- ✓ Project Governance Policy
- ✓ Review Procurement Policy to include ICT provisions
- ✓ ICT Asset Management Policy
- ✓ Mobile Device Management (MDM) Policy
- ✓ AI usage Policy
- ✓ BYOD policy
- ✓ Review existing ICT Service Management (MSP) and include additional elements if required (refer SoDB ICT Service Management framework)

### IMPLEMENT, COMMUNICATE, AND TRAIN

Once Policies are established, processes and procedures should be developed and rolled out across the SoDB.

Communicate early and often with business stakeholders, explaining the benefits, what is changing, and the new processes and procedures.

## SoDB - Strategic Objectives and Roadmap

Train staff in the new processes and procedures. Develop an awareness or training module and implement into the new LMS module. Include this training module in new staff onboarding training.

### PROJECT TIMEFRAMES

ICT governance should be established in phase 1 so that it can provide the overarching structure necessary for delivery of the ICT projects and the continued use and management of ICT systems once they have been implemented.

Establishing the overarching ICT governance Policy may take up to 3 months, depending on the availability of the ELT to participate in the scoping workshop.

Establishing the subsequent ICT Policies may take anywhere from 3 and 12 months. The Cyber Security Policy has been identified as the first priority and the establishment of this policy will involve your MSP, as they will be largely responsible for the implementation and ongoing management of this policy.

### APPROACH

Establishing an appropriate ICT governance framework should be done in consultation with a suitably skilled and experienced ICT governance consultant. The consultant will facilitate the SoDB's ELT through the process of:

- ✓ scoping ICT governance
- ✓ defining its objectives and principles
- ✓ defining its structures and decision rights
- ✓ writing policies and high level procedures
- ✓ implementing policies and procedures
- ✓ change management and training

## ICT Governance – Security

Cyber Security is one of the most important aspects of ICT governance, and it focuses specifically on the security of ICT infrastructure, applications and data. Cyber Security should include both the digital and physical security of ICT assets and should include provision for security for SoDB applications on mobile phones and user owned devices (BYOD).

### ESSENTIAL EIGHT LEVEL 1



The SoDB aims to implement Essential Eight, maturity Level 1. Another option for the SoDB's consideration are elements of ISO27002, as elements of this framework have recently been adopted by the OAG.

The first step towards Essential Eight Level 1 is to understand where you are now. An independent audit of the SoDB's current maturity level and cyber risks should be conducted and an assessment report created on the current maturity against the Essential Eight Level 1 controls. The audit should include the MSP.

The assessment report will identify the gaps between the current state and the requirements of Essential Eight Level 1. The gaps identified will form the basis of an action plan to address them. Actions should be prioritised prior to planned activities commencing. The action plan will include activities and tasks for both the MSP and the SoDB.

It is anticipated that the bulk of the actions from the Essential Eight maturity assessment will need to be actioned by the MSP, however overall accountability for the effectiveness of the controls will remain the responsibility of the SoDB.

Once all of the actions in the action plan are complete, the SoDB will be able to demonstrate compliance with Essential Eight Level 1.

### PROCESSES AND PROCEDURES, ROLES AND RESPONSIBILITIES

The Cyber Security Policy will be established as part of ICT Governance, but the policy will require supporting processes and procedures.

Cyber security processes and procedures will include roles and responsibilities, which will be spread across the SoDB and the MSP. The MSP will be largely responsible for the application of cyber security controls as it supports and manages the core business applications, end-user applications and the operating environment.

The MSP currently does not support all of the SoDB's technology systems, and this has been identified as a cyber risk. If the future state includes technology systems which will be supported and managed by the SoDB directly (not managed or supported by the MSP), then the SoDB will need to directly implement Essential Eight cyber security controls to these systems in order to continue to be compliant with Essential Eight Level 1.

### CHANGE MANAGEMENT

Implementation of new cyber security controls may mean changes to roles and responsibilities and processes and procedures in both the SoDB and the MSP. These changes will need to be mapped, communicated and managed into BAU by Change Management.

The changes to the responsibilities, processes and procedures may mean that the MSP's contractual scope changes. If the MSP's scope changes, a variation to their contract will be required to amend the scope of their services.

### COMPLIANCE AUDITS

Once Essential Eight Level 1 has been achieved, the SoDB may elect to test the effectiveness of the cyber security controls by engaging an independent auditor to test compliance.

A regular independent testing regime (e.g. 6 monthly, annual, bi-annual) is recommended to ensure that compliance with Essential Eight Level 1 is maintained.

### SECURITY OF PHYSICAL ICT INFRASTRUCTURE

In phase 1, the SoDB should ensure that all existing ICT infrastructure in the control of the SoDB is physically secured from unauthorised or accidental access.

The recommendation of this roadmap is to minimise SoDB ownership of ICT infrastructure so the securing of ICT infrastructure in phase 1 may become redundant once all of the roadmap initiatives are fully implemented and existing infrastructure has been decommissioned.

### TRAINING AND DOCUMENTATION

Staff will need to be trained in cyber awareness, cyber processes and procedures and in the use of cyber tools (if applicable).

Cyber awareness training should be developed and rolled out to all staff and contractors in phase 1. Staff cyber awareness should be tested by periodic and/or ad-hoc testing, to ensure that awareness remains high and that compliance with the Cyber Security Policy is maintained.

Staff training in cyber process and procedures should occur once the processes and procedures have been implemented and rolled out. Where possible, cyber processes and procedures should be published and available in an easily accessible central location (e.g. intranet). Refresher training in cyber awareness and processes and procedures should be developed and added to the Learning Management System (LMS) for ongoing training needs and for staff onboarding.

If cyber tools are implemented (e.g. phishing reporting in Outlook), staff should be trained in the appropriate use of these tools as they are implemented, to ensure the effectiveness of the tool. Refresher training in the use of the cyber tools should be developed and added to the Learning Management System (LMS) for ongoing training needs and for staff onboarding.

An important part of any ICT project is the documentation of changes to processes and procedures and operational manuals which may occur with the implementation of new processes and tools. Training documentation will need to be produced for staff training purposes and operational manuals will need to be created for any new processes or technology systems.

### PROJECT TIMEFRAMES

The ICT Security project should commence early in phase 1 and may take anywhere between 9 and 18 months to fully implement, depending on the outcome of the current state assessment.

### BUSINESS CONTINUITY AND DISASTER RECOVERY

A review of the Business Continuity Plan (BCP) and the Disaster Recovery Plan (DRP), in particular of the ICT elements of both plans, should be conducted. Any recommendations identified out of the review should be incorporated into new versions of the BCP and DRP.

A regular independent testing regime (e.g. 6 monthly, annual, bi-annual) is recommended to ensure that BCP and DRP plans work as intended.

It is also recommended that lessons learned from a BCP and DRP test be incorporated into Policies, processes and procedures as required.

### COSTS

The costs associated with the ICT Security project will be a combination of discrete services and resources in the MSP and the SoDB to undertake the activities and tasks. The main activities within this project are:

- ✓ Essential Eight maturity assessment
- ✓ Change management (SoDB)
- ✓ Processes and procedures (SoDB and MSP)
- ✓ Training and documentation (SoDB and MSP)

## ICT Governance – Data Governance

Data Governance is a system of policies, roles, processes and controls which ensure that an organisations data is high quality, secure, compliant, and usable for decision making. It reduces risk and cost while increasing trust in data, enabling better decision and compliance with laws and standards. A good data governance framework will enable the SoDB to comply with the requirements of the Privacy and Responsible Information Sharing Act (PRIS) Act.

Under the PRIS Act, the SoDB is expected to maintain policies and procedures covering collection, use, disclosure, retention, security, breach response and sharing, aligned to the IPPs, RSPs and any guidance from the Chief Data Officer and Information Commissioner.

The SoDB should define the principles of data governance that are important to them i.e. data as an asset, privacy, security, PRIS compliance, quality, sharing for public value, transparency, 'one source of truth' etc.

Once the principles are defined, roles and accountability should be assigned i.e. data owners (business owners), data stewards, custodians (ICT officers), Privacy officer etc.

The existing Privacy Policy should be reviewed and updated to include data governance provisions for such as data management, privacy/PRIS alignment, data sharing and classification. Existing processes and procedures should be updated to reflect the revised Policy.

Cyber security processes and procedures will include roles and responsibilities, which will be spread across the SoDB and the MSP. The MSP will be largely responsible for the application of cyber security controls as it supports and manages the core business applications, end-user applications and the operating environment.

### AUDIT CURRENT STATE AND DATA ASSETS

Conduct a high level maturity assessment (policies, roles, data quality, sharing, security, tools) of the SoDB's data assets. Conduct a data asset inventory for key domains, capturing owners, locations, sensitivity, quality issues, and major risks/opportunities.

Information from the maturity assessment can be used to define appropriate processes, procedures and templates for data governance and privacy. Templates may include such things as: data asset register, data access requests, sharing approvals, data quality issue management, metadata standards etc. Processes may include such things are breach response, data backup and restoration etc.

Actions to remediate data quality and governance will be identified and assigned for action. This process may require action by third parties or the MSP.

### CHANGE MANAGEMENT

Implementation of data governance processes, procedures and templates may mean changes to roles and responsibilities. These changes in roles and responsibilities will need to be mapped, communicated and managed into BAU by Change Management.

The audit may identify actions required by third party suppliers or the MSP and these actions will need to be managed by the Project Manager or Change Manager to ensure that the actions are successfully concluded and closed out.

### TRAINING AND DOCUMENTATION

Staff will need to be trained in what is required from them with regard to data governance. The training may need to be tailored to specific role types.

Data governance training should be developed and rolled out to all staff and contractors in phase 1.

Staff training in data governance should occur once the processes, procedures and templates have been implemented and rolled out. Where possible, data governance processes, procedures and templates should be published and available in an easily accessible central location (e.g. intranet). Refresher training in data governance responsibilities, processes and procedures should be developed and added to the Learning Management System (LMS) for ongoing training needs and for staff onboarding.

An important part of any ICT project is the documentation of changes to processes and procedures and operational manuals which may occur with the implementation of new processes and tools. Training documentation will need to be produced for staff training purposes and operational manuals will need to be created for any new processes or technology systems.

### PROJECT TIMEFRAMES

The data governance project should commence early in phase 1 and may take anywhere between 9 and 18 months to fully implement, depending on the outcome of the current state assessment.

### COSTS

The costs associated with the data governance project will be a combination of discrete services and resources in the MSP and the SoDB to undertake the activities and tasks. The main activities within this project are:

- ✓ Data governance maturity assessment
- ✓ Change management
- ✓ Processes, procedures and templates
- ✓ Training and documentation

## ICT Governance – Records Management

This project is already underway, with Monarch selected as the Records Management software system.

The SoDB should establish and rollout a Records Management Policy. New processes and procedures should be developed to support the new ways of working which will occur with the implementation of Monarch.

Monarch may need to be integration into the new ERP system or supporting technology systems as required to meet the objective of integrated systems.

### CHANGE MANAGEMENT

The implementation of Monarch will mean changes to roles and responsibilities, as well as new processes and procedures. The changes to roles and responsibilities and new processes and procedures will need to be mapped, communicated and managed into BAU by Change Management.

### TRAINING AND DOCUMENTATION

Data governance awareness training and training in the use of Monarch should be developed and rolled out to all staff and contractors in phase 1 before the implementation of Monarch, with refresher training provided within 2 months of the Monarch go-live date.

Staff training in data governance awareness can be developed and rolled out ahead of the implementation of Monarch.

Refresher training in the use of Monarch should be developed and added to the Learning Management System (LMS) for ongoing training needs and for staff onboarding.

Records Management processes and procedures should be published and available in an easily accessible central location (e.g. intranet).

An important part of any ICT project is the documentation of changes to processes and procedures and operational manuals which may occur with the implementation of new processes and tools. Training documentation will need to be produced for staff training purposes and operational manuals will need to be created for any new processes or technology systems.

### PROJECT TIMEFRAMES

The Records Management project has already commenced and is scheduled to complete at the end of phase 1.

### DECOMMISSIONING OLD STORAGE LOCATIONS

Once Monarch has been implemented and populated and staff and contractors trained, a phased rationalisation and decommissioning of old storage locations should occur.

Records should be removed from shared drives and according to their sensitivity, either store din Monarch or in a secure SharePoint site.

As shared drives are cleared out of information, they can be decommissioned.

**COSTS**

The costs associated with the Records Management project are not included in this roadmap, because the project is already underway.



## ICT Governance – Project Management

An ICT Project Management framework will not be required if the SoDB intend to continue to use external ICT resources to manage the delivery of ICT projects. External ICT project managers should bring and use their own ICT project management framework and methodology.

However, if the SoDB intend to insource ICT Project Management at any stage, then an appropriately scaled Project Management framework and methodology should be implemented to ensure a consistent approach to the delivery of ICT projects.

The SoDB should define what degree of Project Management framework they require and investigate potential Project Management frameworks against those requirements. Some examples of frameworks for adoption and adaptation might be: Agile, Scrum, PRINCE2, Kanban, Waterfall, Lean etc.

The selected Project Management framework, scaled to suit the SoDB's needs, should be rolled out across the SoDB, its application providers and the MSP. Involvement from suppliers and the MSP will largely occur just before, during and after go-live as a project is handed over to BAU. Their involvement will be determined by whether their existing scope or responsibilities will increase due to the implementation of the project.

A Project Board should be established as the accountable project governance body for the SoDB. The Project Board should provide strategic oversight and decision making to ensure that programs deliver the expected benefits, and that risks and issues beyond the authority of individual project teams are escalated and managed in line with organisation objectives.

The SoDB should develop and establish ICT Project Management processes, procedures, templates and roles and responsibilities to support the new ways of working which will occur with its implementation.

The key elements of an ICT Project Management framework should be:

- ✓ Initiation
- ✓ Planning
- ✓ Execution
- ✓ Monitoring and management
- ✓ Closure

### CHANGE MANAGEMENT

The implementation of ICT Project Management will mean changes to roles and responsibilities, as well as new processes and procedures. The changes to roles and responsibilities will need to be mapped, communicated and managed into BAU by Change Management.

The new processes should be published and available in an easily accessible central location (e.g. intranet). Templates, processes and procedures and a clear set of defined roles and responsibilities should be easily accessible for all staff and contractors.

Change management should communication both the new process and where information can be found.

### TRAINING AND DOCUMENTATION

ICT Project Management training should be developed and rolled out to all staff and contractors in phase 1. Training should include where to find information when it is required and how to use the templates and any tools.

Refresher training in ICT Project Management should be developed and added to the Learning Management System (LMS) for ongoing training needs and for staff onboarding.

An important part of any ICT project is the documentation of changes to processes and procedures and operational manuals which may occur with the implementation of new processes and tools. Training documentation will need to be produced for staff training purposes and operational manuals will need to be created for any new processes or technology systems.

### PROJECT TIMEFRAMES

The ICT Project Management project should commence early in phase 1 and may take anywhere between 9 and 18 months to fully implement.

### COSTS

The costs associated with the establishment of an ICT Project Management framework will be consultancy costs, unless a licence to use an existing framework or set of standards is procured for use by the SoDB.

- ✓ Project Management
- ✓ Change management
- ✓ Processes and procedures
- ✓ Training and documentation

## ICT Governance – ICT Procurement

Procurement is an established function within the SoDB, but ICT procurement can be complex and has trailing costs over many years so ICT procurement should be subject to either a separate ICT Procurement Policy or an amendment to the existing Procurement Policy to incorporate ICT procurement guidelines.

Once an ICT Procurement Policy has been established, procurement processes, procedures, templates and a matrix of roles and responsibilities specific to ICT procurement should be developed to support the Policy and rolled out to the SoDB's staff, contractors and, where applicable, to suppliers including the MSP.

ICT assets can be purchased via a project or via operational budgets. Where ICT assets are purchased via a project, at the end of a project there should be a handover of ongoing costs into an operational budget.

### CHANGE MANAGEMENT

The implementation of ICT Procurement will mean changes to roles and responsibilities, as well as new processes, procedures and templates. The changes to roles and responsibilities will need to be mapped, communicated and managed into BAU by Change Management.

The new processes should be published and available in an easily accessible central location (e.g. intranet). Templates, processes and procedures and a clear set of defined roles and responsibilities should be easily accessible for all staff and contractors.

Change management should communication both the new process and where information can be found.

### TRAINING AND DOCUMENTATION

ICT Procurement training should be developed and rolled out to all staff and contractors in phase 1. Training should include where to find information when it is required and how to use the templates and any tools.

Refresher training in ICT Procurement should be developed and added to the Learning Management System (LMS) for ongoing training needs and for staff onboarding.

An important part of any ICT project is the documentation of changes to processes and procedures and operational manuals which may occur with the implementation of new processes and tools. Training documentation will need to be produced for staff training purposes and operational manuals will need to be created for any new processes or technology systems.

### PROJECT TIMEFRAMES

The ICT Procurement project should commence early in phase 1 and may take anywhere between 9 and 18 months to fully implement.

## COSTS

The costs associated with the establishment of an ICT Procurement framework with associated processes and procedures will be largely consultancy costs.

- ✓ Project Management
- ✓ Change management
- ✓ Processes and procedures
- ✓ Training and documentation



## ICT Governance – ICT Asset Management

The ICT Asset Management Policy will be established as part of ICT Governance, but the policy will require supporting processes and procedures.

ICT Asset Management processes and procedures will include roles and responsibilities, which will be spread across the SoDB and the MSP. The MSP will be largely responsible for the operational aspects of software asset management as it supports and manages the SoDB's core business applications, end-user applications and the ICT operating environment. The MSP currently also does management of physical ICT assets such as laptops.

The SoDB should develop and establish ICT Asset Management processes, procedures, templates and roles and responsibilities (across SoDB and the MSP) to support the new ways of working which will occur with the implementation of ICT Asset Management.

Within the ICT Asset Management policy, include a Mobile Device Management (MDM) Policy and include processes and procedures for mobile devices within the ICT Asset Management function.

Depending on whether the SoDB wants to manage ICT cost centrally, an opex budget and cost centre could be created to centrally capture and manage ICT costs.

### CHANGE MANAGEMENT

Implementation of ICT Asset Management may mean changes to roles and responsibilities and processes and procedures in both the SoDB and the MSP. These changes will need to be mapped, communicated and managed into BAU by Change Management.

The changes to the responsibilities, processes and procedures may mean that the MSP's contractual scope changes. If the MSP's scope changes, a variation to their contract will be required to amend the scope of their services.

### TRAINING AND DOCUMENTATION

ICT Asset Management training should be developed and rolled out to all staff and contractors in phase 1. Training should include where to find information when it is required and how to use the templates and any tools. Refresher training in ICT Asset Management should be developed and added to the Learning Management System (LMS) for ongoing training needs and for staff onboarding.

An important part of any ICT project is the documentation of changes to processes and procedures and operational manuals which may occur with the implementation of new processes and tools. Training documentation will need to be produced for staff training purposes and operational manuals will need to be created for any new processes or technology systems.

### PROJECT TIMEFRAMES

The ICT Asset Management project should commence early in phase 1 and may take anywhere between 9 and 18 months to fully implement.

## COSTS

The costs associated with the establishment of an ICT Asset Management framework with associated processes and procedures will be largely consultancy costs.

- ✓ Project Management
- ✓ Change management
- ✓ Processes and procedures
- ✓ Training and documentation



## ICT Governance – ICT Service Management

The SoDB has an existing Managed Service Provider, who supports and manages the SoDB's core business applications, end-user applications and ICT operating environment. The management of ICT operating environment and applications is known as ICT Service Management and there is an industry standard for the management of ICT Service Management, known as ITIL (Information Technology Infrastructure Library). The MSP currently uses ITIL in the provision of their services.

An example ICT Service Management framework has been provided to enable the SoDB to review the existing services within the MSP and decide whether other elements of an ICT Service Management framework might be required. If there are gaps, then a separate project can be initiated to address the gaps in the existing framework.

As with other governance initiatives, it is important to develop and establish ICT Service Management processes, procedures, templates and roles and responsibilities which apply to both the SoDB and the MSP. If these already exist, then any changes made to the MSP's ICT Service Management framework should be reflected in both the SoDB's and the MSP's processes, procedures, templates and roles and responsibilities.

### CHANGE MANAGEMENT

Implementation of changes to processes, procedures, and roles and responsibilities, in both the SoDB and the MSP, will need to be mapped, communicated and managed into BAU by Change Management.

The changes to the responsibilities, processes and procedures may mean that the MSP's contractual scope changes. If the MSP's scope changes, a variation to their contract will be required to amend the scope of their services.

## Digital Services for the Community

This project is about digital enablement for the community. This initiative will enable them to access services through self service digital means.

The software infrastructure which supports delivery of this initiative sits within the ERP Replacement project scope and potentially within the scope of other supporting systems. It is assumed that there is no specific software procurement required to support this initiative.

This initiative will involve integrating portals, secure payment capture and bookings systems into the SoDB website and this functionality will go with the ERP system Go-Live.

### FUNCTIONAL REQUIREMENTS

The functional requirements for this initiative will be defined as part of the ERP replacement project.

The implementation of this initiative should have a separate implementation plan, as it will involve integration with the SoDB website, which is not included in the ERP Replacement project.

It has been assumed that this initiative will Go-Live with the ERP Replacement project Go-Live, but it could also Go-Live slightly later if required, as the backend ERP functionality will exist.

### COSTS

Costs for the implementation of this functionality will form part of the ERP Replacement costs.

### CHANGE MANAGEMENT

As the main stakeholders for this initiative are external, there will be additional effort required by Change Management to ensure that these stakeholders (ratepayers, residents, local businesses and visitors) are informed of the changes, and to encourage their use of the new facilities.

### TRAINING AND DOCUMENTATION

Staff training and documentation will form part of the training in the ERP Replacement project or Supporting Technology Project.

Training for front of house staff in how to guide and help external stakeholders in the use of new digital technology should be developed and rolled out to front of house staff.

## Connectivity for the SoDB

The provision of internet availability over regional Australia is primarily the responsibility of the Commonwealth Government (via NBN Co and regulators). They are responsible for planning, building and operating the national broadband network, including fixed line, fixed wireless and satellite services across regional and remote Australia. The Regional Broadband Scheme (RBS) provides a funding mechanism to help sustain regional broadband infrastructure.

Telecommunications carriers such as Telstra and Optus (and others) provide retail services and much of the underlying mobile and backhaul infrastructure and are key delivery partners for regional voice and data services.

The WA Government is not a primary legislated provider but acts as a major co-investor and facilitator to improve coverage and capacity in regional WA.

### INFRASTRUCTURE

Through both the Commonwealth and WA Government, there are many programs to fund initiatives to improve the infrastructure which provides internet availability in regional WA. Some examples are:

Provider	Program
Commonwealth	Mobile Black Spot Program
	Regional Connectivity Program
	There are other similar initiatives co-fund mobile towers, fixed wireless and backhaul upgrades in regional and remote areas nationwide
WA Government	Regional Telecommunications Project
	WA Regional Digital Connectivity Program
	Via partnering with Telstra, Optus, NBN Co and other funder, the WA Government contribute funding to the Commonwealth Regional Connectivity and Mobile Black Spot programs

These programs have funded hundreds of regional mobile base stations, fixed wireless, fibre broadband, backhaul upgrades and community Wi-Fi projects across regional and remote WA.

The SoDB may like to investigate the options and apply for funding to improve the infrastructure within the Shire and address some of the black spots that currently exist.

## SoDB - Strategic Objectives and Roadmap

Once funding is secured, the SoDB will need to procure a suitable contractor to upgrade the infrastructure.

### RETAIL INTERNET SERVICES

Once the infrastructure has been upgraded, the SoDB can investigate retail internet service providers who specialise in internet services to regional WA, such as Telstra, Starlink, SkyMesh etc. Different retailers may have different costs and bring different benefits to the SoDB.

### CHANGE MANAGEMENT

Change management will need to manage communications and the rollout of new functionality to internal staff and to ratepayers, residents and businesses within the Shire.

### PROJECT TIMEFRAMES

As this initiative assumes that the SoDB will investigate options to have their existing internet infrastructure upgraded using available funding from government programs, the timeframe for this initiative includes a long lead time for securing funding and assumes an implementation timeframe of between 24 and 48 months.

### COSTS

As this initiative assumes that infrastructure upgrades will be covered by government funding, the only costs application to this initiative should be the costs of resources to apply for funding, do procurement (if required), administration and change management.

## Roadmap

This section outlines the activities/initiatives required to implement the recommendations. It also provides a Gantt chart for the implementation sequence of the core changes.

Tango have aligned the Roadmap with the DLGSC requirement that a strategy be reviewed and refreshed every 4 years. This Roadmap outlines implementation over 3 phases, spread out across the 4 year period. This will reduce the risk of organisational change fatigue, strain on key resources and allow projects outcome to be embedded prior to commencing the next initiatives.

The proposed indicative schedule assumes the SoDB elects to choose a hybrid solution of one ERP system with ~80-90% functionality, with up to 4 peripheral and integrated specialist systems.

If the SoDB choose other options, then the schedule will need to be amended to reflect the time and effort required to implement the technology choices made by the SoDB.

### Recommended Stages

The Roadmap will be delivered in four key phases based over a 4 year period, with the final year seeing consolidation and embedding of the changes. A review of the strategy and its effectiveness should be completed, and a revised strategy developed for the following next 4 year period.

#### Phase 1: Foundation (0-12 Months)

Phase 1 will focus on preparatory activities, such as approval of Business Cases, the definition and setting up of the governance frameworks, and procurement activity for key projects.

Change management and communications should commence early in order to prepare the organisation for the changes to come.

The Managed Services Provider (MSP), Harmonic IT will be a key stakeholder in the implementation of the technology initiatives under this roadmap, and Harmonic should be kept informed of changes which will impact them as early as possible.

Key activities in phase 1:

- ✓ ICT Governance framework – establishing the Policies, processes and procedures for the core elements
- ✓ Procurement and commencement of the ERP Replacement
- ✓ Procurement for Supporting Technology Systems
- ✓ Funding for the Connectivity initiative
- ✓ The Security (Essential Eight Level 1) project will commence
- ✓ The Data Governance project will commence
- ✓ The Records Management project should complete

## Phase 2: Core business systems (12 – 24 Months)

Phase 2 will see the completion of the ICT Governance framework and the implementation of its policies, processes and procedures into BAU.

ERP data cleansing and migration activity will commence and complete in time for the go-live of the ERP system at the end of Phase 2. The majority of functionality in the Digital Services for the Community project will go-live with the ERP system.

The Supporting Technology Systems project will commence and procurement for the BI project will start.

Change management will continue to support all of the projects during this period of greatest technological change. Staff training and documentation will continue to be a major focus as systems are implemented.

The SoDB should be compliant with Essential Eight Level 1 by the end of phase 2.

Key activities in phase 2:

- ✓ ICT Governance framework is complete
- ✓ ERP Replacement project go-live, Digital Services for the Community project go-live
- ✓ Supporting Technology Systems project underway
- ✓ Funding for the Connectivity initiative completed
- ✓ The Security (Essential Eight Level 1) project is complete
- ✓ The Data Governance project is complete
- ✓ Procurement for BI project will commence

## Phase 3: Consolidation (24 – 48 Months)

Phase 3 will see the implementation of the Supporting Technology Systems project and the consolidation of the ERP project. Any remaining integrations should be finalised during this period.

Change management will continue to support staff through the technology changes happening within the Shire during this period. Regular and targeted information should be shared with ratepayers, residents and local businesses so that they engage with the new services available under the Digital Services for the Community initiative.

Phase 3 will also see the BI project commence. Any procurement associated with the Connectivity project should also commence.

Staff training will continue to be a focus, both to reinforce previous training, and continue to improve their knowledge base in the new ICT systems and the new policies, processes and procedures.

Key activities in phase 3:

- ✓ ERP Replacement project is complete

## SoDB - Strategic Objectives and Roadmap

- ✓ Supporting Technology Systems project is complete
- ✓ Procurement for the Connectivity initiative commences
- ✓ The BI project will commence
- ✓ All Digital Services for the Community functionality is complete

## Phase 4 – Strategic review for next period (36 – 48 Months)

Phase 4 will see the completion of the BI project and the Connectivity project and the continued consolidation of all of the new systems, processes and procedures to achieve further operational efficiencies.

A review of progress against current roadmap should be conducted, and a refreshed digital roadmap should be created for the following 4 year period.

Key activities in phase 4:

- ✓ Connectivity project will complete
- ✓ The BI project will complete

# Appendix 1 – Roadmap Indicative Timeline

Indicative Roadmap Timeline	2026			2027				2028				2029			2030		
	Phase 1			Phase 2				Phase 3			Phase 4						
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
SynergySoft (ERP) Replacement	Red	Orange	Yellow	Green	Green	Green	Green	Green	Blue	Purple							
Supporting Technology Systems	Red		Orange	Yellow	Green	Green	Green	Green	Green	Green	Green	Blue	Purple				
Business Intelligence	Red									Orange	Yellow	Green	Green	Blue	Purple		
ICT Governance Framework	Red	Orange	Yellow	Green	Green												
ICT Governance - Security	Red	Yellow	Green	Green	Green	Green	Blue										
ICT Governance – Data Governance	Red	Orange	Yellow	Green	Green	Green											
ICT Governance - Records Mgmt.	Green	Green	Green	Blue	Purple												
ICT Governance - Project Management Framework	Red	Orange	Yellow	Green													
Governance - ICT Procurement	Red	Orange	Yellow	Green													
Governance - ICT Asset Management	Red	Orange	Yellow	Green													
Digital Services for the Community	Red							Green	Green	Green	Green	Blue	Purple				
Connectivity	Red	Orange	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green

Legend	
Business Case approval, planning and requirements definition	Red
Procurement and contracting	Orange
Kick off, process mapping	Yellow
Implementation, including data cleansing and migration	Green
Testing and Go-Live	Blue
Post Go-Live support, decommissioning legacy systems	Purple

## Appendix 2 – Roadmap Initiatives Cost Estimates

All costs are indicative only. Please refer SoDB Budget and Financial Plan V1.0 (final) for further information on assumptions used.

**Table 1 – Summary of costs for all roadmap initiatives**

Roadmap Program Investment	Lower Range	Upper Range
ERP Replacement Project	\$ 1,345,000.00	\$ 2,310,000.00
ICT Governance Framework	\$ 15,000.00	\$ 30,000.00
ICT Governance - Security	\$ 15,000.00	\$ 40,000.00
ICT Governance - Data Governance	\$ 25,000.00	\$ 50,000.00
<b>Potential Investment</b>	<b>\$ 1,400,000.00</b>	<b>\$ 2,430,000.00</b>

**Table 2 – Ongoing annual investment (BAU)**

ERP Ongoing (BAU) Costs	Lower Range	Upper Range
ERP Licence and Support	\$ 60,000.00	\$ 230,000.00

Table 3 – breakdown of costs by roadmap initiative

ERP Replacement Project	Lower Range	Upper Range	Unit of Measure	Duration	Comments
ERP - detailed requirements and procurement	\$ 25,000.00	\$ 40,000.00	Months	6	One time charge
Project Manager	\$ 360,000.00	\$ 600,000.00	Years	3	Total across duration
Change and Comms Manager	\$ 300,000.00	\$ 500,000.00	Years	2.5	Total across duration
Business Analyst	\$ 240,000.00	\$ 400,000.00	Years	2	Total across duration
Data Migration Consultant	\$ 200,000.00	\$ 300,000.00	Years	1	Total across duration
ERP Vendor Implementation Costs	\$ 220,000.00	\$ 470,000.00	Years	2	One time charge
<b>Potential Investment</b>	<b>\$ 1,345,000.00</b>	<b>\$ 2,310,000.00</b>			

ERP Ongoing (BAU) Costs	Lower Range	Upper Range	Unit of Measure	Duration	Comments
New ERP subscription	60,000.00	230,000.00	Year	1	
Support	\$ -	\$ -	Year	1	<i>May or may not be a separate cost</i>
<b>Potential Annual Investment</b>	<b>\$ 60,000.00</b>	<b>\$ 230,000.00</b>			

ICT Governance Framework	Lower Range	Upper Range	Unit of Measure	Duration	Comments
ICT Governance Consultant	\$ 15,000.00	30,000.00	Months	6	One time charge
<b>Potential Investment</b>	<b>\$ 15,000.00</b>	<b>\$ 30,000.00</b>			

ICT Governance - Security	Lower Range	Upper Range	Unit of Measure	Duration	Comments
Essential Eight Maturity Assessment and Report	15,000.00	40,000.00	Year	1	
Essential Eight Consultant	\$ -	\$ -	Year	1	<i>Will only be required if the Report indicates a greater magnitude of work than anticipated</i>
<b>Potential Investment</b>	<b>\$ 15,000.00</b>	<b>\$ 40,000.00</b>			

ICT Governance - Data Governance	Lower Range	Upper Range	Unit of Measure	Duration	Comments
Data assessment and inventory	25,000.00	50,000.00	Months	6	One time charge
<b>Potential Investment</b>	<b>\$ 25,000.00</b>	<b>\$ 50,000.00</b>			

## Attachments A thru I (separate documents)

The following documents have been provided to the Shire as separate deliverables entitled as follows:

- A. Shire of Donnybrook-Balingup Vision Mission – Final
- B. SoDB Roadmap – Current State Assessment v0.6 (final)
- C. SoDB Change Management Plan V1.0 (final)
- D. SoDB Roadmap – Visions for Future State
- E. SoDB Compliance and Security V1.0 (final)
- F. SoDB Performance Metric and KPI's V1.0 (final)
- G. SoDB Roadmap - Gap Analysis Current to Future State V1.0 (final)
- H. SoDB Roadmap Stakeholder Engagement Register V1.0 (final)
- I. SoDB – Stakeholder Groups V1.0 (final)



Report 11: 2025-26 | 18 March 2026

**PERFORMANCE AUDIT**

# Local Government Management of Gifts and Benefits



## Office of the Auditor General for Western Australia

### **Audit team:**

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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

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**Local Government Management of Gifts and  
Benefits**

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Report 11: 2025-26  
18 March 2026

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**THE PRESIDENT  
LEGISLATIVE COUNCIL**

**THE SPEAKER  
LEGISLATIVE ASSEMBLY**

### **LOCAL GOVERNMENT MANAGEMENT OF GIFTS AND BENEFITS**

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

Performance audits are an integral part of my Office's overall program of audit and assurance for Parliament. They seek to provide Parliament and the people of WA with assessments of the effectiveness and efficiency of public sector programs and activities, and identify opportunities for improved performance.

This audit assessed if six local government entities are effectively managing gifts and benefits registers. It also assessed if the Department of Local Government, Industry Regulation and Safety is providing effective guidance to the sector.

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  
18 March 2026

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## Auditor General's overview

Ratepayers and the public have a right to expect that when local government entities make decisions, they are made based on merit and are free from undue influence. This requires entities to have effective policies and practices over gifts and benefits to ensure that there is transparency and that any resulting conflict of interest is appropriately managed. This is a particularly challenging area for council members, whose responsibilities to represent, advocate and build relationships within the community often expose them to offers of gifts and benefits. This audit identified that the range and number of gifts indicates that staff at all levels, not just council members and CEOs, are exposed to the risk of inappropriate influence.



Having complete and accurate gift registers allows scrutiny of who is offering gifts, who is accepting them and whether potentially inappropriate relationships are being cultivated. Our review of the publicly available registers identified that between 2019 and 2024, entities reported over 2,500 gifts valued at approximately \$664,000. Event tickets and food and beverages were the most common gifts.

Given some high profile media reporting in recent years, we expected to identify systemic non-compliance with policies and procedures and incomplete recording of gifts and benefits. This was not the case as almost all entities have a gift register and we found evidence of good practice and diligence in the reporting and disclosure of gifts and benefits. Our e-discovery procedures revealed over 900 emails offering gifts and, from that, our detailed review only identified nine gifts above the reporting threshold which were accepted but not recorded within a two-and-half-year period. While there were a further 54 instances where we could not conclusively determine whether a gift was accepted because the staff were no longer employed by the entity, these results highlight the concerted effort entities are taking to transparently disclose gifts and benefits.

Diligent disclosure is important, but so too is managing the conflicts of interest created by gifts and benefits. Significant improvement is needed here as we found many instances where conflicts of interest were not appropriately managed. Across the six entities we audited, 79 individuals had received a gift or benefit from a supplier and had then inappropriately participated in tender assessments, been involved in procurement decisions or overseen contracts with suppliers. This creates unacceptable conflicts of interest which undermine decision-making.

We found that 70% of the gifts at the six entities were accepted by staff and almost half of these were related to events and hospitality. Given this, there is a need for strong controls and clear guidance directed at staff. Entities need to make it clear to potential and current suppliers to not offer gifts, and to staff, that they should decline gifts from current and potential suppliers and proponents.

There is more that the Department of Local Government, Industry Regulation and Safety can do to support entities in meeting their obligations. The six entities we audited all indicated that guidance could be improved, with some seeking independent legal advice to properly understand and meet their obligations. Clear guidance targeted to staff as well as council and CEOs, will help avoid these unnecessary costs being passed onto ratepayers.

Gifts and benefits are a risky and complicated area not just in local government but for all public officials and entities. It is important for all entities to review the findings, recommendations and better practices in this report to ensure that they have strong controls which promote a culture of transparency, impartiality and effective management of conflicts of interest.

# Executive summary

## Introduction

Following a sector-wide review of publicly available gifts and benefits registers, this audit assessed if the following six local government entities are effectively managing gifts and benefits:

- City of Bayswater
- City of Fremantle
- City of Kwinana
- City of Mandurah
- City of Perth
- Town of Cambridge.

We also assessed if the Department of Local Government, Industry Regulation and Safety (LGIRS) is actively monitoring entity compliance with gifts and benefits regulations and is providing effective guidance to the sector.

## Rationale for undertaking the audit

Gifts and benefits can create real or perceived conflicts of interest, impacting integrity and public trust in local government decision-making. Strong governance, clear policies, and effective oversight are essential to manage these risks.

Recent media reports have raised concerns about gift acceptance practices in local governments, including high-value trips funded by external entities. Similar issues have been highlighted in other jurisdictions<sup>1</sup>, with audit findings recommending improvements to risk management, policy frameworks and compliance monitoring.

This audit provides transparency over gifts and benefits practices in local government entities, with a detailed examination at six entities.

## Background

Managing gifts and benefits is essential for maintaining integrity, accountability and public trust. It helps to prevent conflicts of interest and ensure decisions are made based on merit and not influenced by personal interests.

A gift is something of value given to someone without receiving equal value in return.<sup>2</sup> This can include money, goods, property, travel and hospitality. Benefits are often intangible and include any preferential treatment, privileged access, favours or other advantages offered to an officer above their normal salary or engagement entitlements.<sup>3</sup> Unlike gifts, benefits often

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<sup>1</sup> Tom McIlroy, '[Salesforce slammed for lavish gifts meals with NDIA](#)', *Australian Financial Review*, 26 June 2024, accessed 6 August 2024.

<sup>2</sup> A gift is defined within the *Local Government Act 1995 (s5.57)* and includes a conferral of a financial benefit (including disposition of property) made by a person in favour of another person without adequate consideration in money or a travel contribution.

<sup>3</sup> Government of Western Australia, '[Managing the Risks of Gifts Benefits and Hospitality](#)', WA.gov.au website, 15 January 2025, accessed 24 October 2025.

lack a clear monetary value, but they can still create risks, particularly if they appear to offer a private advantage connected to someone's public role.

Gifts and benefits create a connection between the person who gave it and the person receiving it. This might influence how decisions are made, or the perception of how decisions are made. This risk and perception apply to all gifts and benefits, not just those that are required by the *Local Government Act 1995* (LG Act)<sup>4</sup> to be declared.

Although offers of gifts are often provided with positive intentions to recognise working relationships, they can create perceived or actual conflicts of interest and need to be managed based on clear principles that focus on:

- ensuring gifts are declared to provide transparency and enable scrutiny of who is giving and receiving gifts, and why
- considering who benefits from a gift when individuals accept or decline an offer
- declining most offers, particularly those from suppliers or other entities with commercial relationships with the entity
- identifying and managing conflicts of interest to maintain and demonstrate the integrity of decision-making
- good record keeping and active oversight of compliance.

Managing gifts and benefits well relies on individuals being able to do the right thing and make informed decisions. They need support in doing this in the form of codes of conduct, policies and procedures, and training. Gifts can vary widely, from token to substantial. They may be one-off or repeated and may be offered to many people or targeted at individuals. Depending on the context, they may all present a risk and accepting any gift requires careful consideration.

The LG Act regulations require council members and chief executive officers (CEOs) to declare any gift received in their capacity as a council member or CEO valued at \$300 or above (or the cumulative value of gifts from one donor if they exceed \$300 in a 12-month period) within 10 days of receipt. Council members and CEOs must also manage associated conflicts of interest. The CEO must maintain an up-to-date version of the register and publish it on the entity's official website.

When a council member or CEO receives a gift and the council is discussing a matter related to the donor, the council member or CEO cannot take part in the discussion or decision unless the council or the Minister for Local Government gives them permission to do so. This requirement does not apply to excluded gifts<sup>5</sup>.

Mayors, Shire presidents, council members and CEOs are required to represent and promote the interests of their community. This can involve being offered gifts and benefits, particularly invitations to attend events. To manage this, entities under the LG Act are required to have a specific policy covering council member and CEO attendance at events. This policy supports decisions on whether attendance at events should be declared as a gift or whether it is in accordance with the entity's events policy and therefore does not need to be declared.

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<sup>4</sup> *Local Government Act 1995* ss 5.87A, 5.87B and 5.87C.

<sup>5</sup> Excluded gifts are prescribed under s.5.62(1B) of the *Local Government Act 1995* and includes gifts offered to staff to attend events in accordance with local government rules and policies, gifts offered by other government departments, other local governments or member bodies such as Western Australian Local Government Association and Local Government Professionals Australia.

Local government staff also receive gifts and benefits. However, the requirements for staff differ from the requirements for council members and CEOs. The LG Act regulations prohibit staff<sup>6</sup> from accepting gifts which exceed a \$300 threshold in a 12-month period. For gifts below this amount, the regulations require entities to set their own threshold for recording, storing and disclosing gifts accepted by staff in their codes of conduct. This provides flexibility to entities to determine their own reporting requirements for staff.

Given that entities maintain a broad range of commercial or other beneficial relationships, situations may arise that increase the risk of conflicts of interest. It is therefore important that the gifts and benefits staff receive are declared and any associated conflict of interest is managed, although this is not specifically prescribed under the LG Act.

## Conclusion

Entities were generally effective in disclosing gifts and benefits, but they need to improve how they manage conflicts of interest from accepted gifts and more support and guidance is needed from the LGIRS. Addressing these weaknesses will help to ensure that decisions are free from undue influence and assist entities in managing their obligations in an efficient and transparent way.

Most entities demonstrated transparency in reporting gifts received by council members, CEOs and staff. All except two of the 147 entities had a published gift register and our e-discovery procedures for unrecorded gifts and benefits at six entities indicated that registers were mostly complete. This transparency is important in maintaining public trust and confidence and helps to ensure accountability in decision-making.

While gift registers were mostly accurate and complete, entities were not effectively managing conflicts of interests arising from accepted gifts. At the six audited entities, there were 79 individuals who accepted gifts from current or future suppliers and were involved with procurement, purchasing or contract management decisions. If conflicts of interest arising from accepted gifts are not managed, decisions may not be free from undue influence.

Current guidance from LGIRS focuses on council members and CEOs, but at the six entities, 70% of gifts were accepted by staff. In addition, current legal and regulatory requirements are out of step with the public sector more broadly, with the thresholds for reporting gifts being high and the timeframes for disclosing gifts being too tight. Clear and appropriate guidance will not only help entities manage their obligations efficiently, but it will also improve the transparency for ratepayers.

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<sup>6</sup> For the purposes of regulations 19AB and 19AC of the Local Government (Administration) Regulations 1996, staff are all employees excluding the CEO.

# Findings

## Overall, entities are providing transparency around gifts and benefits

### Almost all entities had gift registers, but some were incomplete or had not been updated, limiting the monitoring of risks and compliance

Although most entities had published gift registers, 78 (53%) entities' registers did not have any information or had information that had not been recently updated (Table 1). Where no gifts or benefits have been accepted, it is important for entities to publish a nil declaration on the gifts and benefits register during the reporting period. Transparency enables the community's ability to scrutinise potential conflicts of interest or undue influence in decision-making.

	Number of entities	Percentage
Did not have published register	2	1%
No data in published register	24	16%
No new data since 1 July 2022	35	24%
No new data since 1 July 2023	17	12%
Published register with current data	69	47%
<b>Total entities</b>	<b>147</b>	<b>100%</b>

Source: OAG based on public entity data July 2024

**Table 1: Review of published entity gift registers**

We found that 75% of the registers did not record whether a gift or benefit had been accepted or declined. LGIRS guidelines and Form 4 – Register of gifts (Appendix 1)<sup>7</sup> provided within the regulations to assist entities, does not require this information to be recorded as this is not required by the LG Act and regulations. Tracking both accepted and declined gifts can reveal patterns of attempted influence requiring further oversight.

We note that entities receive many gift offers, including those from community organisations and groups they support. However, declaring declined gifts from commercial entities seeking to benefit from interactions with local governments will help to identify conflicts of interest risks and bring entities more in line with State and Australian entities that report declined gifts.

Decisions to accept gifts and benefits often lack clarity about who the intended beneficiary is. Council members, CEOs and staff did not consistently document details that show consideration of the nature of gifts being offered, why they were offered and in what capacity they were being accepted (for example for official representation, ceremonial purposes or whether personally accepted by staff). Documenting these details and outlining the reasons for accepting or declining gifts or benefits within registers is key. They help individuals demonstrate whether a gift is for their personal benefit, for the benefit of the gift giver, or for the entity they represent. Without these details, ambiguity can lead to inconsistent practices, misinterpretation of regulatory obligations and difficulty in enforcing policies around gift acceptance.

<sup>7</sup> This form is applicable to council members and CEOs.

Entities do not always have the controls and processes to declare gifts within 10 days of receipt as required by the LG Act. Ninety per cent of the registers we reviewed did not record the date the gift declarations were recorded in the register. The absence of this date impairs entities and LGIRS monitoring of compliance with the 10-day rule. This is because most entities are using the Form 4 – Register of gifts (Appendix 1) provided by LGIRS that does not capture this information.

All audited entities are reporting gifts and benefits within their registers, however all indicated that reporting within 10 days of when a gift is received is onerous and impractical. The Australian Government requires its agency heads to report in its registers within 31 days of when a gift is received.<sup>8</sup> We consider this timeframe is more reasonable to allow entities to identify, record and properly communicate decisions and related actions within its registers, whilst continuing to meet public expectations.

**Gift registers at the six audited entities were generally complete, providing transparency and allowing for public scrutiny**

Dealing with gifts and benefits can be complex, particularly for council members, as their roles in representing, advocating for, and build relationships with the community and stakeholders can lead to offers of gifts and hospitality. Lack of clarity in decision-making can lead to risks, including perceived or actual conflicts of interest, undermining public confidence in the integrity of an entity’s operations. While some individuals may assume they are acting appropriately, without a clear framework and principles (Figure 1), policy and code of conduct requirements may not be met, which can unnecessarily damage the reputations of people who aim to uphold high standards in public office.



Source: OAG

**Figure 1: Key components of a gifts and benefit framework**

Our e-discovery identified just over 900 emails offering gifts and benefits, and from this review we found nine instances where staff accepted gifts that did not match any declaration recorded in the gift register. This reflects a sample of council members, CEOs and staff at

<sup>8</sup> Australian Public Service Commission, [Guidance for Agency Heads - Gifts and Benefits](https://www.aspc.gov.au/guidance-for-agency-heads-gifts-and-benefits), ASPC.gov.au, 20 October 2023, accessed 14 July 2025.

each audited entity over a two-and-a-half-year period, and indicates that gifts and benefit registers were generally complete, with three entities having no identified undeclared gifts and benefits. This greatly assists entities to identify, assess and manage conflicts of interest.

The six audited entities confirmed (Table 2) that:

- 48 of the offers were gifts that had been accepted
  - 39 of these were below the \$300 threshold limit defined by the LG Act and regulations, or relevant limit for staff<sup>9</sup> and therefore were not required to be declared
  - the remaining nine non-declared gifts have been added to audited entities' gift registers following our enquiries
- a further 197 offers were accepted under the entities event attendance and related policies. These were either paid for by the staff member and therefore not treated as gifts or benefits, or the entity itself paid for them.

Entity	Total number of offers	Gifts that had been accepted	Below the reporting threshold	Above thresholds and now added to the gift register
City of Bayswater	81	27	24	3
City of Fremantle	219	13	13	0
City of Kwinana	106	4	0	4
City of Mandurah	147	0	0	0
City of Perth	294 <sup>10</sup>	4	2	2
Town of Cambridge	54	0	0	0
<b>Total</b>	<b>901</b>	<b>48</b>	<b>39<sup>11</sup></b>	<b>9</b>

Source: OAG based on entity data

**Table 2: e-discovery results (1 July 2022 to 31 December 2024) identifying offers and accepted gifts by audited entities**

In total, the audit resulted in 18 gifts (2%) being added to entity gift registers. Nine of these were above the threshold for reporting and had to be disclosed, another nine were below the threshold but were disclosed voluntarily.

There were another 54 instances (6%) across the audited entities where it could not be determined if the gift or benefit had been accepted or declined because the staff were no longer employed by the entity. In these instances, it is not known if disclosure requirements have been met. However, even if these were all accepted and not disclosed, the level of non-compliance would be low at 63 (7%). The remaining offers were either declined or the entities had paid for the individual to attend an event where a benefit to the entity was identified.

<sup>9</sup> The relevant limit for staff will be the limit prescribed in each entities' code of conduct as required by Regulation 19AC of the Local Government (Administration) Regulations 1996.

<sup>10</sup> Due to the large number of offers, we recommended that the City of Perth focus their review on entries which could raise possible conflicts of interest if accepted. Of the 294 offers identified, 237 lower risk category offers have not been reviewed at the time of this report.

<sup>11</sup> Of these gifts, there were nine that entities voluntarily added nine to the register after the audit.

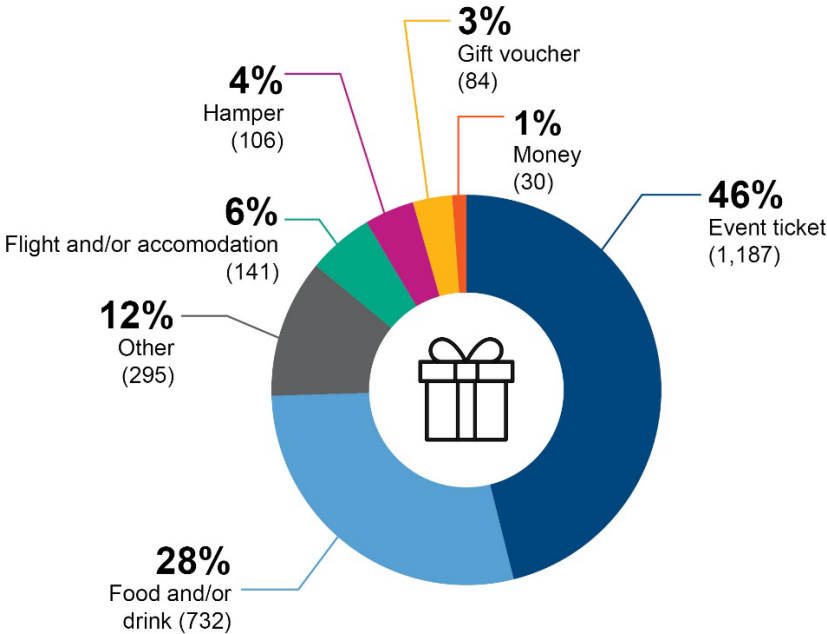
While most of the 48 accepted gifts were work-related and included conferences, hospitality and business-related activities, a small number were accepted for personal benefit. These included a small number of complimentary tickets to VIP sections and corporate suites for sporting events, as well as hospitality (including meals and alcohol). Gifts were accepted from a range of organisations including sport clubs, entertainment/event organisers, professional bodies, mining and IT companies, contractors and suppliers. Accepted gifts and benefits have the potential to create a conflict of interest, even if they are work-related, when they are not identified and managed. This reinforces the need for declarations to detail decision-making to aid with transparency.

**The range and number of gifts indicates that staff at all levels, not just council members and CEOs, are exposed to the risk of inappropriate influence**

Gifts and benefits are offered and accepted across operational and decision-making roles within entities and by council members and CEOs. While mayors, council members and CEOs receive gifts, staff involved in decision-making areas such as procurement, leasing and property approvals are also offered and accept gifts. These staff are at higher risk of conflicts of interest because of the decisions they make in their roles.

Across the six audited entities, 70% of gift declarations were made by staff. Even though staff have lower reporting thresholds, which can lead to more declarations, receiving gifts still increases the risk of real or perceived conflicts of interest. This shows why strong controls and clear processes for managing gifts are important. These controls and processes should apply at all levels of entities, particularly to high-risk positions.

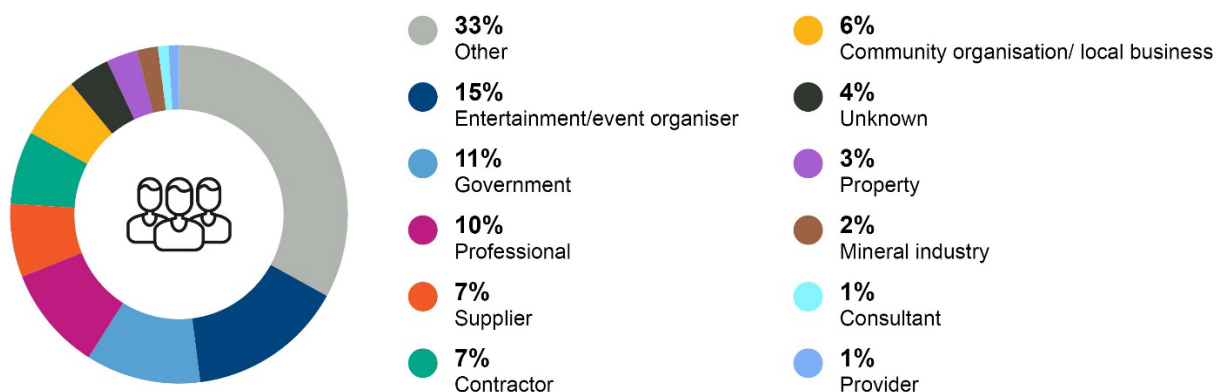
Our review of the publicly available registers of all entities found that between 2019 and 2024 the total number of gifts reported by entities was over 2,500 with a total value of approximately \$664,000. Event tickets and food and drink were the most common type of gifts offered, with 10% of all gifts being alcohol and 4% being money or gift vouchers (Figure 2). Gifts of flights and accommodation included 23 instances of international travel.



Source: OAG using publicly available information

**Figure 2: Types of gifts recorded in entities' publicly available gift registers between 2019 and 2024**

These gifts and benefits were offered by many providers with almost 13% recorded in registers as received from current suppliers and contractors of the entity (Figure 3).



Source: OAG using publicly available information

**Figure 3: Sources of gifts recorded in entities' publicly available gift registers between 2019 and 2024**

The receipt of gifts and benefits may also be covered by other entity policies and procedures. In accepting gifts, the recipient needs to be mindful of those to ensure compliance with both policies. For example, some member entities of the Perth South West Metropolitan Alliance recorded overseas travel to the United States of America in September 2024 as a gift in their registers and others did not. Where entities have recorded this travel within their gift and benefits registers this provides transparency for council and ratepayers. Entities should still ensure acceptance of gifts and recording of these within gift registers does not substitute for complying with their overseas travel policy requirements.

## Entities are not effectively managing conflicts arising from accepting gifts

### Conflicts of interest created by accepting gifts are not effectively managed increasing the risk of inappropriate influence

Even when accepted gifts are declared and transparent, we found that the resulting conflicts of interest are not effectively identified or managed. A conflict of interest is created by gift recipients accepting gifts and benefits from current or potential suppliers seeking to obtain work with the entity. We found examples in all audited entities where gifts had been accepted and declared from suppliers but some of these individuals had been involved in procurement decisions or contract management with the supplier. Although in these instances there was a level of transparency about the gifts, because conflicts of interest were not managed, the risk of inappropriate influence was not mitigated.

There were almost 700 instances of accepted gifts or benefits from organisations on the supplier master file for all the audited entities. Of these:

- 79 individuals who had accepted gifts and benefits were then involved in procurement as panel members of tenders, approving procurement decisions and/or purchase requisitions, or overseeing contracts with suppliers
- only five of these individuals (6.3%) had disclosed a conflict of interest risk when participating in a procurement decision relating to the entity providing the gift
- for two of the five individuals, even when a conflict of interest had been declared, we were unable to find any documented strategies to mitigate the risk of influence.

Case study 1 where offers of gifts and benefits from suppliers were accepted by staff. Although the value of the gifts were sometimes small in value, they create a concerning trend as they were identified across the audited entities and resulted in a perceived or actual conflict of interest. If these are not managed, they can lead to the perception of improper influence of decisions made by entities.

### **Case study 1: Examples of inappropriate gifts offered by suppliers and accepted by staff participating in procurement decisions**

- In 2019, a staff member was on the evaluation panel that awarded a contract to a supplier for approximately \$111,000. The staff member subsequently managed the contract. Six months before the contract was renewed, the contract manager accepted tickets to watch an AFL game at Optus Stadium. This contract manager was also a panel member during the contract renewal process which saw the contract successfully renewed and increase in value to almost half a million dollars.
- A staff member received three bottles of 12-year-old whisky from a property company valued under \$300 after the awarding of a tender for an estimated value of \$19.2 million over a five-year period. These gifts were surrendered by the staff member to their social club, and therefore still retained by the entity. The offering and acceptance of such gifts is inappropriate, even after the awarding of contracts, as it is intended to build relationships that may bias future decisions.
- At another audited entity, three staff accepted gifts which included alcohol from a current supplier. Two of the staff were on a tender evaluation panel for that supplier and did not declare any conflict of interest in relation to the gifts. The supplier was the successful tenderer and awarded a contract to the value of \$400,000. Those staff have also been involved in approving purchase orders for the supplier.
- At one audited entity the following conflicts of interest were identified and not declared:
  - two staff members accepted a bottle of alcohol each, valued at \$50 per bottle from a supplier. One of the staff members approved purchase orders for the supplier and was the nominated representative overseeing the contract, currently valued at \$185,000
  - a staff member accepted a bottle of whisky valued at \$120 from a supplier and approved purchase orders and purchase amendments from this supplier
  - a staff member received a \$50 gift card from a supplier and then went on to approve purchase orders and a contract extension for a further one year for this supplier.
- Thirteen staff at another entity received various \$50 gift vouchers in 2019 from a supplier. Four of the staff were involved in the tender process where the gift giving organisation was successful with a contract value of approximately \$1.4 million.

All audited entities' policies required panel members to declare conflicts of interest during procurement processes. However, none of them asked panel members when assessing tenders or making procurement decisions to consider whether receiving a gift or benefit may create a conflict. Instead, procurement processes focused primarily on conflicts from personal relationships, proximity, or financial interests, which are better understood by staff and still need to be managed. Staff involved in procurement and commercial activities need to understand conflict of interest risks related to receiving gifts or benefits and when to declare a conflict of interest. By excluding gift-based conflict of interest consideration, entities risk overlooking a key source of influence that can affect decision-making as evidenced in Case study 1.

## **Conflicts of interest are not considered when recording gifts and benefits, limiting entity oversight of risk and staff compliance with policies**

Most audited entities do not require staff to consider the risks from gift acceptance. Five of the six entities' gift registers did not require recipients to consider conflict of interest risks. The City of Mandurah was the only entity that explicitly asked recipients to assess perceived and actual conflict of interest, including whether accepting a gift could lead to a future conflict of interest. Staff are required to consider and document whether the acceptance of the gift creates an impression that the staff member will favour the provider when carrying out their duties. The register also requires declarations to detail information considered in decisions made in accepting or declining gifts, including whether their supervisor or manager has been informed of the gift to aide with oversight, representing good practice.

The City of Mandurah's register is supported by guidance requiring staff to decline the receipt of gifts or benefits from suppliers where conflicts of interest arise and defines which gifts may be acceptable and which are prohibited. Prohibited gifts include:

- any token gift over the value of \$50
- any cash or equivalent
- training over \$300
- ticket to an event valued over \$300
- ticket to an event not related to professional development valued over \$50
- any gift of alcohol
- prizes of any value.

Low value gifts can create a perception of bias or preferential treatment if received frequently from parties with vested interests, even when staff are following policies.

The gift registers across the six audited entities showed instances where suppliers and stakeholders offered frequent, low-value gifts such as hospitality, promotional items, and event invitations. While suppliers may wish to showcase the value of their products and services, this should occur through fair and competitive procurement processes – not through gifts. Although low-value gifts often fall below disclosure thresholds and may seem harmless and considered gestures of goodwill, if repeated they can gradually build familiarity and influence over decision-makers. Entities should demonstrate that there is a clear benefit to the entity and not to individuals before accepting the gift.

## **Some entities have statements of business ethics to help prevent suppliers offering gifts**

To minimise staff exposure to the risks from supplier gifts, three of the audited entities have a statement of business ethics (City of Perth, City of Mandurah and Town of Cambridge). A statement of business ethics sets out entity expectations of suppliers in conducting business with them, including not providing or offering gifts and incentives, and provides staff guidance in declining gifts and benefits when offered. At one entity, the implementation of a statement of business ethics resulted in a decline in gift offers from suppliers. A statement of business ethics supports staff to minimise the risk of organisations seeking to influence decisions through gifts and benefits.

However, a statement of business ethics on its own will not always prevent gifts from suppliers. Improvements in policy and procedures, training and monitoring is required to manage the risks of gifts and benefits appropriately.

## **Audited entities are not using all information to mitigate risks arising from accepting gifts**

None of the six audited entities have processes to review information in their gift registers to identify patterns or trends in gifts offered or accepted. This means they are not analysing data that could reveal risks such as offers targeting particular positions, repeated offers from the same company, or conflict of interest risks associated with gift providers. As a result, they are less equipped to identify and address emerging risks.

Further, not all audited entities were using other information they have such as supplier masterfile information, tender registers, lease registers and complaint registers that would help them identify whether controls for gift-based conflicts are working. The City of Kwinana introduced a centralised complaints register, but this has not been implemented long enough to identify trends in conflicts of interest or information which may indicate that there are undeclared gifts and benefits. The other entities could also use complaints information to help identify concerns that relate to fair and transparent decisions. However, these entities did not have centralised complaints information because complaints are dealt with in individual business areas. This siloed approach makes it harder to use the information to identify where there has been at least a perception of a conflict of interest that may be linked to gifts and benefits.

The audited entities rely heavily on staff knowing when to declare gifts and following codes of conduct. Consistent oversight is needed to help entities manage gift declarations. While all the audited entities used an electronic system to manage gift and benefit declarations, there were gaps in recording and ensuring compliance. Two of the audited entities are not fully utilising system functionality with one entity manually recording information between their register and system and the other using their system to only manage council members and CEO declarations. Improving system functionality will help entities ensure the information they have is robust and allow them to use this information for effective oversight of gift and benefit declarations and identify and manage conflicts of interest.

There were six instances across two entities where advice from governance staff to declare gifts was not acted upon, reducing transparency and increasing risk. All audited entities had governance teams providing advice and promoting compliance. In one entity, governance advised staff to return gifts offered by current suppliers, demonstrating proactive support but also highlighting ongoing risks in procurement-related roles. Council members, CEOs and staff are encouraged to seek governance advice when unsure about accepting gifts and leadership teams should support and reinforce the advice governance teams provide. Not following governance advice can undermine transparency and weaken controls designed to ensure compliance and reduce risk.

## **Entities have policies, procedures and training on gifts and benefits but more support is required**

### **Policies and procedures exist but some are outdated and lack details on what is expected of council members and staff**

All six audited entities have policies and procedures to help staff recognise and avoid situations where personal interests could influence, or appear to influence, professional decisions. These policies and procedures are supported by codes of conduct that outline disclosure requirements, but most procedures require improvements to help manage the risks inherent in offers of gifts and benefits.

Four of the six entities' gifts and benefits policies lack clear guidance on when gifts and benefits should be declined, with some being outdated. These entities do not clearly outline examples of prohibited gifts, including not accepting gifts from current or potential suppliers.

This limits their usefulness in helping staff make sound decisions when faced with offers of gifts or benefits and protect the entity from perceptions of bias.

At each of the six audited entities, we saw gifts and benefits being declined by staff, which helps demonstrate that staff do assess and decline gifts when benefits to entities are not clear. Gifts and benefits declined included invitations to sporting events, hospitality that included networking with food and alcohol and gifts offered from suppliers. Some audited entities declined gifts and subsequently chose to pay where a work-related benefit was determined for example where a staff member attended professional development courses. These instances demonstrate staff awareness and the majority try to do the right thing and comply with policy positions.

Policies and procedures clearly define the circumstances when it is appropriate or not to accept gifts or benefits and explain the processes to follow where a perceived or actual conflict of interest exists. The City of Mandurah has published a decision-making tool on its intranet to help convey expectations and guide staff in their decisions and declarations of gifts and benefits. This tool is clear, practical and easy to understand and represents good practice made available by the Public Sector Commission<sup>12</sup> (Figure 4). Guidance to staff also includes the Public Sector Commission’s 6Ps and 6Rs Tools<sup>13</sup> for managing conflicts of interest.

**G – Giver**

Who is providing the gift, benefit or hospitality and what is their relationship to me?

Does my role require me to select contractors, award grants, regulate industries or determine government policies?

Could the giver (person or organisation) benefit from a decision I make?

**I – Influence**

Is the giver seeking to influence my decisions or actions?

Is the gift, benefit or hospitality being offered to me publicly or privately?

Is it a courtesy, token of appreciation or highly valuable?

Does its timing coincide with a decision I am about to make?

**F – Favour**

Is the giver seeking a favour in return for the gift, benefit or hospitality?

Is the gift, benefit or hospitality being offered honestly?

Has the giver made several offers to me or people in my business area over the last 12 months?

Would accepting it create an obligation on me to return a favour?

**T – Trust**

Will public trust be enhanced or diminished?

Could I publicly explain why I am accepting the gift, benefit or hospitality?

What would my colleagues, family, friends and associates think?

Have I made good records on accepting the gift, benefit or hospitality in accordance with reporting and recording procedures?

Declining a gift can be as simple as saying “Thank you for your offer however as a public officer it is not appropriate for me to accept gifts”.

Source: City of Mandurah

**Figure 4: Prompts for City of Mandurah staff to consider when offered a gift (using public sector guidance – decision-making tool)**

<sup>12</sup> Government of Western Australia, [Decision-making tool: GIFT test](#), WA.gov.au website, 3 November 2021, accessed 25 January 2025

<sup>13</sup> [The 6Ps and 6Rs tools](#) help authorities and public officers identify and manage conflicts of interest.

## **Training is available, but it is often limited to the induction process rather than regularly reinforced to help embed desired behaviours**

All the audited entities have formal training covering gift and benefits policies and procedures, but for most audited entities training is provided to council members and staff only during onboarding. The City of Mandurah and the City of Perth provide regular training to staff members, which includes some coverage of gifts and benefits. A lack of regular training reduces the likelihood that the behaviours laid out in policies and procedures are embedded in the culture of entities.

In the absence of regular refresher training, most audited entities rely on seasonal or informal reminders to reinforce gift declaration requirements. These typically occur around festive periods, such as Christmas, or during staff briefings. While helpful, this ad-hoc approach may not provide sufficient guidance for staff to consistently apply policies throughout the year.

## **LGIRS support and guidance on gifts and benefits is not fully effective**

There is limited guidance to the sector for entity staff, leaving entities to develop their own guidance, increasing the risk of inconsistent practice across the sector. LGIRS guidance, last reviewed in 2022, is targeted only to council members and CEOs as they are explicitly covered by the LG Act and regulations. LGIRS supports entities and responds to specific individual queries on gifts and benefits but does not proactively communicate these more broadly to enable shared learning.

In some areas the LGIRS guidance has not been sufficient, resulting in different interpretations by entities. Some entities were obtaining their own independent legal advice, at the cost of ratepayers, to help them meet their compliance requirements. In one instance LGIRS recommended an entity seek their own legal advice if they had any doubt on LGIRS interpretation of a query they raised with them. This query was in relation to the timing of exactly when a gift was accepted. Without clear guidance, inconsistent practice can lead to limited transparency and make monitoring of compliance by LGIRS difficult.

All the audited entities told us the guidance provided by LGIRS is not sufficient to meet their needs. For instance, the current disclosure requirements do not require declarations of declined gifts and the disclosure threshold of \$300 is higher than that set for the WA State and Australian government entities (\$50 and \$100 respectively). This can restrict transparency and may not reflect community expectations. All audited entities have independently set lower value thresholds than those required, indicating the \$300 threshold does not meet their risk tolerances.

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## Recommendations

To enable effective management of gifts and benefits, entities should:

1. provide education and guidance that sets out entity expectations and assists staff and council members in making decisions by:
  - a. implementing clear and up to date policies and procedures that outline gifts that are acceptable (good practice limits these to token gifts)
  - b. requiring accepted and declined gifts from commercial entities, be declared
  - c. specifically outline gifts that are prohibited
  - d. implement regular training and education programs to ensure staff understand and apply policy, procedure and code of conduct, in practice and when making decisions.

**Implementation timeframe:** December 2026

**Entity response:** Entities generally accepted the recommendations but noted that there is currently no legal or regulatory requirement to disclose declined gifts.

2. Implement fit for purpose, risk-based monitoring and reporting mechanisms to:
  - a. proactively oversee gift and benefit declarations
  - b. analyse information across the entity to identify undeclared gifts, check that controls are working and identify any concerning trends or patterns
  - c. manage perceived and actual conflicts of interest, requiring these declarations to consider the receipt of gifts and benefits
  - d. consider a centralised complaints register to highlight where controls and processes have not been followed and identify systemic risks.

**Implementation timeframe:** December 2026

**Entity response:** Recommendation supported.

To enable effective oversight of compliance requirements and in supporting the local government sector, LGIRS should:

3. review regulatory requirements and guidelines to consider:
  - a. reducing the \$300 threshold or explaining why it remains appropriate (noting state entity requirements of \$50 or Australian Government requirements of \$100)
  - b. increasing the timeframe for updating gift registers from 10 days to better reflect the tempo and nature of senior attention, decision-making and compliance reporting processes, (noting 31 days is the Australian Government timeframe)
  - c. amending the Form 4 template to record both the date the gift was received as well as the date the gift register was updated to allow regulatory compliance to be monitored.

**Implementation timeframe:** December 2026

**Entity response:** Recommendation to be considered as part of review of potential legislative reform and updates to guidelines.

4. Issue updated guidance and templates to the sector to:
  - a. extend guidance beyond elected members and CEOs to include all entity staff
  - b. require entity gift registers to disclose accepted gifts and benefits and declined gifts from commercial entities to:
    - improve transparency – listing all offers improves trust that declined gifts have not been accepted informally and staff have not been subject to influence
    - improve compliance - declined gifts can help identify patterns where repeated offers from the same person or company are being offered or identify situations requiring further oversight
    - help protect staff by officially recording declined gifts demonstrating compliance and maintaining trust.

**Implementation timeframe:** December 2026

**Entity response:** LGIRS accepts the recommendation.

## Response from the City of Bayswater

The City of Bayswater thanks the Office of the Auditor General (OAG) for its comprehensive report. We acknowledge the complexity of this audit and appreciate the significant effort involved in reviewing extensive information to develop recommendations that support local governments in managing gifts and benefits effectively.

The report confirms that local governments are generally complying with legislative requirements. The data reflects robust governance practices and strong adherence to these requirements, providing confidence in overall compliance across the sector.

Three gifts were identified as accepted by City of Bayswater employees, but not recorded in the City's Gift Register. Two related to an Economic Development Breakfast and one to an Awards Ceremony where the City was nominated for an award. Employees were requested to attend these events as part of their official duties and therefore did not perceive or identify them as gifts.

The City acknowledges there is always room for improvement. While the findings confirm a strong commitment to integrity and sound governance practices, the City of Bayswater values the recommendations and remains committed to continuous improvement and maintaining high standards of accountability.

### Response to Recommendations:

**Finding 1:** The City will review and update its processes and training to provide enhanced education and guidance on the management of gifts and benefits.

**Due Date:** 31 December 2026

**Finding 2:** The City will implement a risk-based approach to monitoring the recording and reporting of gifts and benefits.

**Due Date:** 31 December 2026

## Response from the City of Fremantle

### Recommendation 1

All newly elected Council Members at the City of Fremantle are required to complete an induction and mandatory training following the election. The City's induction process includes a presentation from WALGA or City Officers, outlining their role and responsibilities as an Elected Member, this includes gifts and interest disclosure requirements. They are also provided with an induction manual, which includes various information regarding gifts and disclosure of interest requirements. The induction manual also includes operational guidelines published by the Department, Council policies and procedures. In 2025, the city also introduced an internal intranet site for Elected Members to provide them with direct access to up-to-date information relevant to their role.

Officers at the City are required to complete mandatory Code of Conduct training, which includes important information in relation to gifts, and specifically outlines that gifts over \$300 are prohibited. Information regarding disclosure of interest relating to gifts has also been included in the City's new procurement policy, guidelines and mandatory training. Officers are reminded that they are required to disclose any interests relating to a supplier when undertaking any procurement process such as an RFQ or Tender. Online and in person Governance training has been implemented to ensure staff are aware of their

requirements relating to gifts, and regular reminders and information is also published on the City's internal intranet site.

Elected Members and staff are required to disclose gifts in accordance with the requirements of the Local Government Act and these disclosures are recorded within a gift register which is published on the City's website. The City has not implemented the requirement to disclose gifts that have been declined, as this is not a requirement of the Act. However, staff are required to record this information in the City's records keeping system for future reference.

## **Recommendation 2**

In addition to the annual Compliance Audit Return review, the City undertakes regular internal Governance audits, to monitor gift disclosures and compliance. When non-compliance occurs, the matter is reviewed and appropriate action is taken. This may include mandatory training relating to gift and interest disclosures, or if the matter is serious or repeated, disciplinary action may be taken and the matter is reported to the Department and CCC. If non-compliance is related to an Elected Member or the CEO, this is reported to the Department and CCC as required.

### **Disclosure of declined gifts**

Whilst the City makes every effort to ensure Staff and Elected Members are aware of their requirements relating to gifts, and gift disclosures are made to ensure compliance and transparency, in the City's opinion, the disclosure of gifts that are declined is not required for the following reasons:

The Local Government Act 1995 establishes disclosure obligations for gifts that are received by the CEO and Council Members. Section 5.87A(1) requires disclosure only for gifts that have been received. The term "received" implies acceptance and possession of the gift. Where a gift is declined, it is never taken into possession and therefore does not meet the statutory condition of being "received". As such, a gift that is offered but not accepted, in the City's opinion, does not fall within this definition.

The intent of disclosure provisions is to ensure transparency regarding benefits that may influence decision-making. If a gift is declined, no benefit is conferred, and therefore no potential for undue influence exists. Recording declined gifts as disclosures could create unnecessary administrative burden and misrepresent the nature of interactions, as no actual transfer of value occurred. Therefore, a gift that has not been accepted should not be disclosed, as it does not meet the legislative requirement of being "received," nor does it present any risk of influence or conflict of interest.

### **Gifts received electronically by email**

A gift offered via email is not considered "received" until formal acceptance occurs. The City's interpretation is based on the following principles:

Section 5.87A of the Act requires disclosure of gifts that are received. The term "received" implies both acceptance and possession. An emailed offer is merely an invitation; until the recipient formally accepts, no transfer of benefit has occurred. The intent of the legislation is to ensure transparency regarding benefits that may influence decision-making. If a gift remains unaccepted, there is no actual benefit conferred, and therefore no potential for undue influence.

Formal acceptance provides a clear, auditable point in time when the gift becomes a reportable item. This prevents ambiguity about whether an offer constitutes a received gift and supports consistent governance practices. Treating emailed offers as "received"

without acceptance could lead to unnecessary disclosures and misinterpretation of interactions. Requiring formal acceptance ensures that only genuine transfers of value are recorded.

In conclusion, a gift offered by email should only be considered “received” once formal acceptance has been given, as this aligns with the statutory wording, legislative intent, and best practice for transparency and accountability.

### **Concluding remarks**

As a result of this Audit, the City has commenced a review of the information, processes and training provided to staff and Elected Members relating to gift and disclosures of interest, to ensure improvement. Various initiatives as outlined in the responses above have already been implemented, and additional improvements are being considered by the City, with the intent to be implemented as actions as a result of this audit. These actions will be reported to the City’s Audit, Risk and Improvement Committee for consideration and adopted by Council.

## **Response from the City of Kwinana**

The City of Kwinana (City) appreciates the Office of the Auditor General’s (OAG) report on local government management of gifts and benefits and supports the recommendations provided. The City values the OAG’s review and acknowledges the importance of robust compliance practices in relation to gifts, benefits and conflicts of interest. The findings and insights outlined in the report will assist the City in further strengthening its ongoing commitment to transparency, integrity and public trust in decision-making.

The report highlights that legislative change alone may not always achieve all governance outcomes as intended. It reinforces that compliance with minimum statutory requirements does not necessarily equate to best practice. The City recognises the OAG’s encouragement for local governments to exceed baseline standards, including consideration of measures such as declaring declined gifts and recording supplementary information in the Form 4 register. While the City acknowledges the value of enhanced disclosure, the inclusion of additional information is not currently within the scope of the legislatively prescribed form. Accordingly, the City suggests that any expansion of reporting requirements be supported by formal legislative amendment and that proposed changes be clearly communicated to all local governments to ensure consistent application.

The City is committed to supporting its Governance and Legal team in the implementation of required changes arising from the OAG’s recommendations. The Leadership team will play a key role in proactively promoting clear information and encouraging adherence to updated processes and procedures, ensuring that all staff are well-informed and equipped to comply effectively. The City also notes its support for the recommendations directed to the Local Government Integrity Reporting System (LGIRS).

Since the OAG audit commenced in November 2024, the process has already prompted improvements to the City’s internal practices concerning gifts, benefits and conflicts of interest. The City has initiated a comprehensive review of relevant processes and is progressively implementing necessary changes. A detailed project plan has been developed to guide the coordinated implementation of all recommendations. Progress reports will be provided to the City’s Audit, Risk and Improvement Committee for ongoing oversight and monitoring.

The City will continue to implement these improvements with the objective of maintaining best practice standards in the management of gifts, benefits and conflicts of interest. The

City thanks the Office of the Auditor General for its audit and constructive recommendations and is confident that the actions underway will further enhance governance, accountability and community confidence.

### **Recommendation 1**

The City acknowledges and accepts the recommendations outlined for the effective management of gifts and benefits, and conflicts of interest within Local Government entities. Since the commencement of the OAG audit, the City has proactively begun implementing changes to its approach.

### **Recommendation 2**

The City acknowledges and accepts the recommendations regarding the implementation of fit for purpose, risk-based monitoring and reporting mechanisms. The City would like to note it has completed recommendation 2(d) by establishing the City's "Feedback Register" in August 2023.

## **Response from the City of Mandurah**

The City of Mandurah (the City) has established controls in place that address the OAG recommendations. These controls are reviewed annually to assess their effectiveness and to support continuous improvement.

Through the City's control environment, employees are required to carefully assess the appropriateness of accepting any gift or benefit, particularly where they are involved in procurement activities, grant assessments, or the exercise of delegated authority.

Employees are reminded that the acceptance of a gift must not compromise, or be seen to compromise, their impartiality or the integrity of the City. Decisions must be made on merit, free from undue influence. Where there is any doubt, employees are required to decline the gift and/or seek guidance in accordance with the City's Code of Conduct requirements.

The City has a number of controls to proactively oversee gifts and benefit declaration, including quarterly and annual reporting.

The City will improve its current reporting to the Chief Executive Officer to include a three-year trend analysis that will identify: number of gifts received; number of gifts offered and declined; individuals repeatedly receiving gifts; business units repeatedly receiving gifts; suppliers repeatedly offering gifts and categories of gifts received. Where there are trends observed, the City will utilise this information to provide:

- further education for individuals or teams;
- improvement to controls, such as procedures and guidelines;
- contact City suppliers regarding their obligations under the Statement of Business Ethics, i.e. do not provide gifts to City employees.

The City will further strengthen its employee gifts and conflict of interests training, including identifying and managing any actual, potential or perceived conflict of interest arising from it. This requirement will apply particularly where employees are:

- Undertaking procurement and tender evaluation processes
- Assessing or recommending grant funding
- Exercising delegated or statutory authority

- Training materials, guidelines and procedures will be updated to reinforce these obligations and ensure consistent understanding and application by City officers.

The City will continue to reinforce these obligations through, training, guidelines and ongoing awareness initiatives to ensure consistent and ethical decision-making across the organisation.

## **Response from the City of Perth**

The City of Perth is committed to continuous improvement and feedback and has welcomed the opportunity to participate in the OAG's Local Government Management of Gifts and Benefits Audit.

The City has a range of policies and guidance in place for both staff and elected members to support them in meeting their obligations relating to the declaration of gifts and benefits. This also provides additional guidance and oversight in the management of any related interests.

Based on the two recommendations in this report the city will further enhance its education and training on gifts and benefits and interests' management.

### **Recommendation 1**

The City of Perth believes it already has clear and up to date policies in place. However, the City will review its gifts management framework to ensure currency and promote best practice. The City will also continue to encourage its Elected Members to declare all gifts.

The City is developing additional training (face to face) to further support employee understanding of gifts management at the City. Additional training (face to face) is expected to be implemented in the first quarter of 2026.

### **Recommendation 2**

The City of Perth will review its gifts management framework to ensure currency and promote best practice as suggested in this report. Noting that Employee and Elected Member complaint registers will continue to be kept separately.

## **Response from the Town of Cambridge**

The Town of Cambridge is committed to continuous improvement and has welcomed the opportunity to participate in the OAG's management of gifts and benefits performance audit. The Town acknowledges the overall findings and recommendations and supports the better practice guide.

The Town has maintained strong internal controls in relation to the acceptance of gifts and benefits. In addition, our outward facing Statement of Business Ethics clearly establishes the Town's expectations in relation to the conduct of business with the Town, including not offering gifts.

The Town will look to incorporate the better practice system of controls detailed in the report as part of a future review of the Town's policy and procedures in relation to the acceptance of gifts and benefits.

## Response from the Department of Local Government, Industry Regulation and Safety

### Recommendations 3 and 4

Suggested legislative reform would need to be considered as part of the larger reform program and would be subject to stakeholder consultation and decisions of Government.

LGIRS acknowledges the Auditor General's observation and supports the need for clear and practical guidance to assist local governments in managing integrity risks.

Our current guidance is directed at council members and CEOs, as they are explicitly covered by the regulations. Gift disclosure and reporting requirements for local government employees that are not CEOs should be included in each individual local government employee code of conduct. LGIRS recognises that additional guidance may assist local governments in supporting staff to meet the requirements of their codes of conduct.

The Local Government Regulatory Approach outlines LGIRS' commitment to fostering best practice and supporting compliance across the sector. Consistent with this approach, LGIRS issued a Local Government Alert – Guidance on managing gifts, benefits and hospitality on 4 September 2025, encouraging all local governments to review their codes of conduct and consider additional policies. LGIRS will continue to engage with the Western Australian Local Government Association and the Local Government Professionals WA to review its guidance materials and to explore opportunities for further sector support, including joint training initiatives by 31 December 2026.

LGIRS notes that the Local Government Inspector formally commenced on 1 January 2026. This represents a significant change in the State Government's regulatory approach for the local government sector, and accordingly, the Local Government Inspector will play a central role in shaping the future compliance framework and approach to proactive monitoring. LGIRS will liaise with the Local Government Inspector to hand over this recommendation for consideration as part of the Inspector's compliance monitoring plan. LGIRS will also engage with the Inspector regularly to assist with monitoring.

## Audit focus and scope

This audit was conducted with an initial review of published gifts and benefits registers from all 147 entities with results informing our more in-depth work at six metropolitan entities.

The objective of this audit was to assess whether entities effectively manage gifts and benefits.

We based our audit on the following criteria:

- Are entities complying with their gifts and benefits policies and procedures?
- Are entities recording all offers of gifts and benefits?
- Are entities' decisions for accepting or declining gifts and benefits appropriate?
- Are entities recording and managing all conflicts of interests in relation to gifts and benefits?
- Is LGIRS actively monitoring compliance with the regulations and providing adequate guidance to entities?

The audit reviewed gifts and benefits registers and the recording and management of conflict of interests at each audited entity over the period 1 July 2019 to 30 June 2024.

We assessed each entity's policies and procedures against legislative requirements, LGIRS' operational guidelines and our better practice guidance in Appendix 1. At each entity, we also:

- reviewed policies, procedures and processes relating to gifts and benefits
- examined records and processes for monitoring conflicts of interest
- reviewed all entity / regional council entities' gifts and benefits register for council members, CEO and council
- conducted e-discovery procedures on the email correspondence of selected key decision makers for undeclared gifts and benefits to test the completeness of gift and benefit declarations
- e-discovery procedures used defined terms of common offers of gifts and benefits we identified through our initial review of published gifts and benefits registers of all entities. Our results are restricted to these terms meaning not all offers of gifts and benefits to selected risk positions can be identified
- where e-discovery procedures identified offers of gifts and benefits, these have been assessed by entities. They have updated their registers to record and make transparent gift offers that have been accepted and notified external entities where compliance obligations were not met
- reviewed tender and procurement contracts
- met with key staff from governance, procurement, contracts and finance areas.

We did not assess electoral gifts as they fall under different rules and regulations and are only relevant for a specific period (during elections).

It is outside the scope of this audit and our remit under the *Auditor General Act 2006* to, and we did not, conduct any investigation of:

- the conduct of any individual member of staff in accepting gifts or benefits or the appropriateness of each individual decision to accept a gift or benefit
- the appropriateness of decisions made by staff after accepting gifts or benefits
- the conduct of any commercial supplier; or
- whether there was any direct or deliberate attempt to influence any particular procurement by offering gifts or benefits to entity staff or seek to identify any direct inappropriate influence on any specific procurement.

As this was our first audit into gifts and benefits for local government entities, we are not naming individuals and have relied on the sampled entities to update their gift registers and report non-compliance appropriately. However, we may change this position in future audits if we again find instances where gifts and benefits are accepted, but not disclosed.

This was an independent performance audit, conducted under section 18 of the *Auditor General Act 2006*, in accordance with Australian Standard on Assurance Engagements ASAE 3500 *Performance Engagements*. We complied with the independence and other ethical requirements related to assurance engagements. Performance audits focus primarily on the effective management and operations of entity programs and activities. The approximate cost of undertaking the audit and reporting was \$690,000.

# Appendix 1: Form 4 – Register of gifts

*Local Government Act 1995*

*Local Government (Administration) Regulations 1996*

## REGISTER OF GIFTS

Name of person making disclosure	Description of gift	Name and address of person who made gift	Date gift was received	Estimated value of gift at time it was made	Nature of relationship between person who made gift and person who received gift	For a gift that is a travel contribution — description and date of travel	For an excluded gift under s. 5.62(1B)(a) — the date of the approval referred to in s. 5.62(1B)(a)(ii) and the reasons for the approval




Source: Local Government (Administration) Regulations 1996

Form 4 – Register of gifts within the Regulations to be used by entities to manage risks associated with the receipt of gifts and benefits highlighted weaknesses.



# Appendix 2: Gifts and benefits better practice guidance

Entities need to have gifts and benefits policies and procedures that are up-to-date and accessible to staff. These policies and procedures should include key controls for the declaration of gifts and benefits, the management of conflict of interests created from accepting gifts and benefits and regular review and monitoring.




The table lists the key elements of a system of controls for effective gifts and benefits management, which guided our audit.

Key elements / Framework component <sup>14</sup>	Outcome	What we expect to see
<p><b>Policies and procedures</b></p> 	<p>Comprehensive, approved and up-to-date policies and procedures to provide all local government staff with guidance on their obligations</p>	<ul style="list-style-type: none"> <li>• clear and easy to understand policy and procedures that detail prohibited gifts</li> <li>• code of conduct signed at start of employment and annually thereafter</li> <li>• clear and specific definitions of gifts and benefits to aid in decision-making and limit ambiguity, providing examples relevant to entity operations</li> <li>• set out overarching entity expectations reinforcing policy, procedures and code of conduct messages</li> <li>• management of gifts and benefits considered in the context of ethical conduct, impartiality, honesty, transparency and accountability</li> <li>• evidence of periodic review.</li> </ul>
<p><b>Declaration of all gifts and benefits</b></p> 	<p>Consistent expectations</p>	<ul style="list-style-type: none"> <li>• all gifts and benefits are declared regardless of value or acceptance</li> <li>• standardised declaration forms, ensuring consistency of information recorded and decision-making process</li> <li>• consider whether the receipt of gifts and benefits results in a conflict of interest that needs to be identified and managed</li> <li>• gift registers should detail where there are nil returns to ensure they provide transparency and date of update of registers should be evident</li> </ul>
<p><b>Making appropriate decisions</b></p> 	<p>Clear decision-making framework</p>	<ul style="list-style-type: none"> <li>• to minimise risk, the entity's policy position should be communicated to stakeholders, suppliers and clients – this could include sharing the statement of business ethics</li> <li>• guidance to aid staff with decision-making and when the acceptance of gifts may be considered appropriate</li> <li>• guidance be clear in setting out processes for avoiding and managing conflicts of interest to</li> </ul>

<sup>14</sup> Refer to Figure 1 Key components of a gifts and benefits framework

Key elements / Framework component <sup>14</sup>	Outcome	What we expect to see
		<p>consider who benefits from the acceptance of the gift or benefit</p> <ul style="list-style-type: none"> <li>• decisions be based on risk assessment that consider potential, perceived and actual conflicts of interest</li> <li>• provide clear guidance on declaring conflicts of interest, managing (with documented mitigation strategies) and reviewing these</li> <li>• guidance to support staff in declining gifts and benefits.</li> </ul>
<p><b>Training and education</b></p> 	<p>Training to increase awareness of impartiality, integrity and conduct expectations</p>	<ul style="list-style-type: none"> <li>• regular codes of conduct, fraud awareness and integrity training (yearly)</li> <li>• regular reminders to council members, CEO and staff to make sure there is awareness and understanding of compliance obligations</li> <li>• advanced integrity training for staff in areas identified as high risk of influence (e.g. procurement, recruitment, finance, binding decision makers).</li> </ul>
<p><b>Oversight</b></p> 	<p>Regular monitoring and reporting to provide management with insights into use and the effectiveness of controls, and to address shortcomings in a timely manner</p> <p>Identification of patterns, areas of increased risk</p> <p>Evidence of reviews should be retained</p>	<ul style="list-style-type: none"> <li>• reports from monitoring and reviews made available to leadership and audit committee periodically</li> <li>• all accepted and declined gifts or benefits reported to a central member of management to allow for effective oversight</li> <li>• monitor for repeat offers and cumulative value as these may flag risk where there is an intention to influence decisions that require further scrutiny, as well as monitor acceptance of repeat token gifts that may otherwise go undetected.</li> </ul>

### Key components of a gifts and benefit framework

-  Identify and record gifts and benefits
-  Identify and manage conflicts of interest
-  Use information to monitor and oversee risk

Source: OAG

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## Auditor General's 2025-26 reports

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

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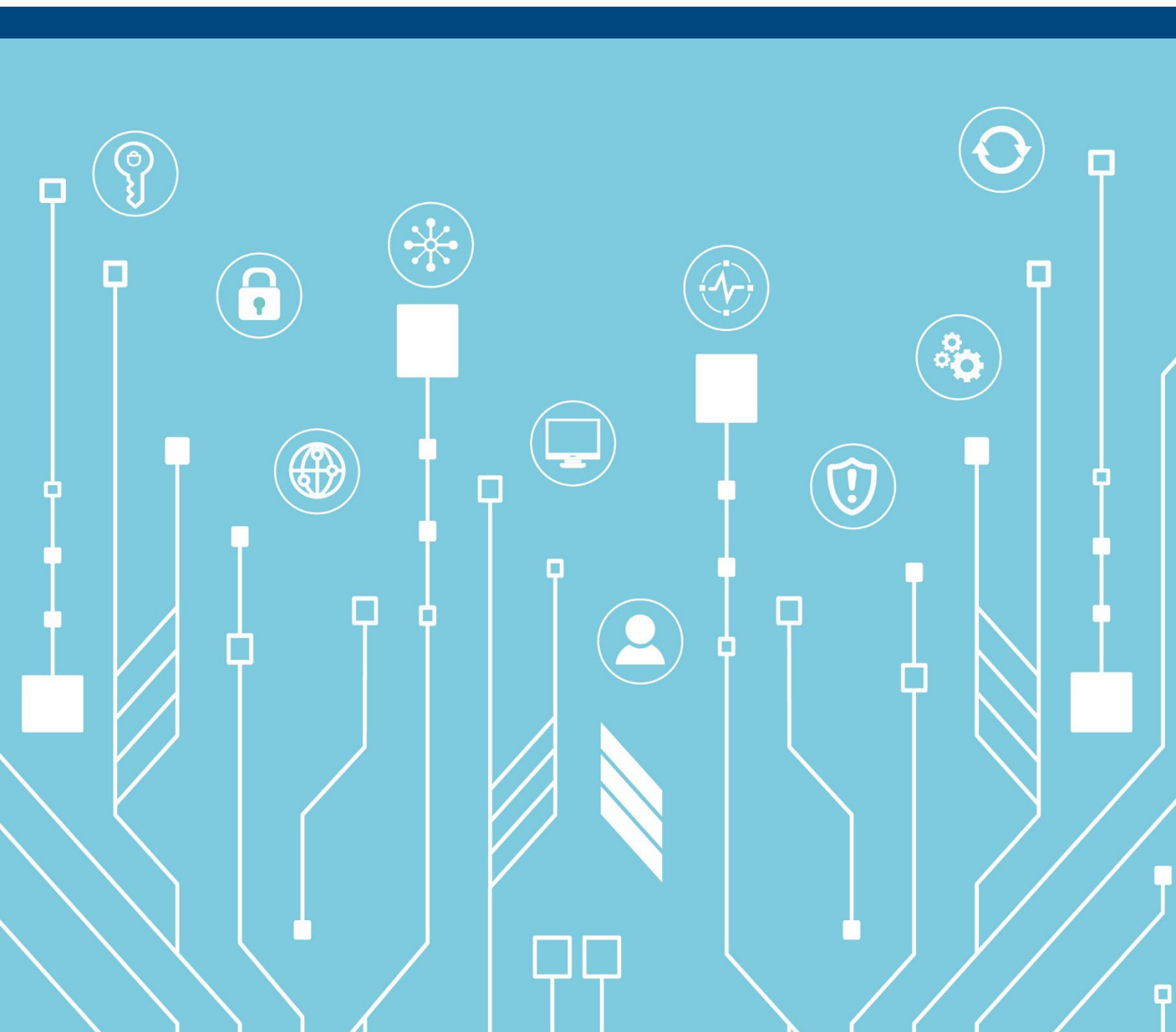
Office of the Auditor General  
for Western Australia



Report 12: 2025-26 | 25 March 2026

**INFORMATION SYSTEMS AUDIT RESULTS**

# Local Government 2025



## Office of the Auditor General for Western Australia

### **Audit team:**

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(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

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**Local Government 2025 – Information  
Systems Audit Results**

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Report 12: 2025-26  
25 March 2026

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**THE PRESIDENT  
LEGISLATIVE COUNCIL**

**THE SPEAKER  
LEGISLATIVE ASSEMBLY**

### **LOCAL GOVERNMENT 2025 – INFORMATION SYSTEMS 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*.

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 seventh report on general computer controls (GCC) audits for local government entities. The purpose of GCC audits is to evaluate how well entities' computer controls safeguard the integrity, confidentiality and availability of key financial business systems.

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  
25 March 2026

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## Auditor General's overview

As part of our annual financial audits, my office reviews local government entities' general computer controls to determine if they effectively maintain the integrity, confidentiality and availability of key business systems and information. At selected entities, we also conduct capability maturity assessments that rate entity controls against our benchmark.




Our 2025 audits highlight ongoing challenges for entities to strengthen their IT governance and security. While it was positive to see the number of entities that had control weaknesses reduce to 68 this year (89 in the prior year), 60% of our findings were unresolved issues from prior years. Entities need to address these persistent control weaknesses to safeguard their important systems, information and service delivery.

Our capability maturity assessments at 15 entities saw an overall decline in all 10 control categories, in part due to four new entities being included for the first time. The 11 entities assessed previously generally stayed in line with prior year levels in four categories and declined in six. We intend to gradually increase the number of entities subject to capability maturity assessments to gain further insights and assist with continuous improvement in the sector.

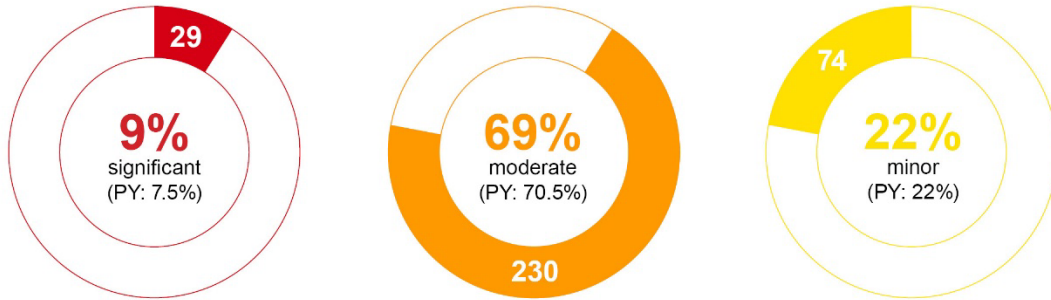
This report highlights some particularly concerning results, such as only one entity meeting the benchmark for access management and two for endpoint security. It also includes case studies highlighting good and bad practices as well as resources that entities can use for further guidance. I encourage the entire local government sector to learn from these and implement effective controls, many of which do not require costly technology. Instead, uplift requires an ongoing awareness of risk and constant vigilance and effort.

# 2025 at a glance

 **333** findings at **68** entities (PY: 360 at 89 entities)  
**60%** of findings were unresolved from prior years











 Capability maturity model  
 at **15** entities (PY: 11 entities)

## Snapshot of controls and findings



General computer controls	Control categories	Capability maturity assessments
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These five categories relate to information and cyber security controls

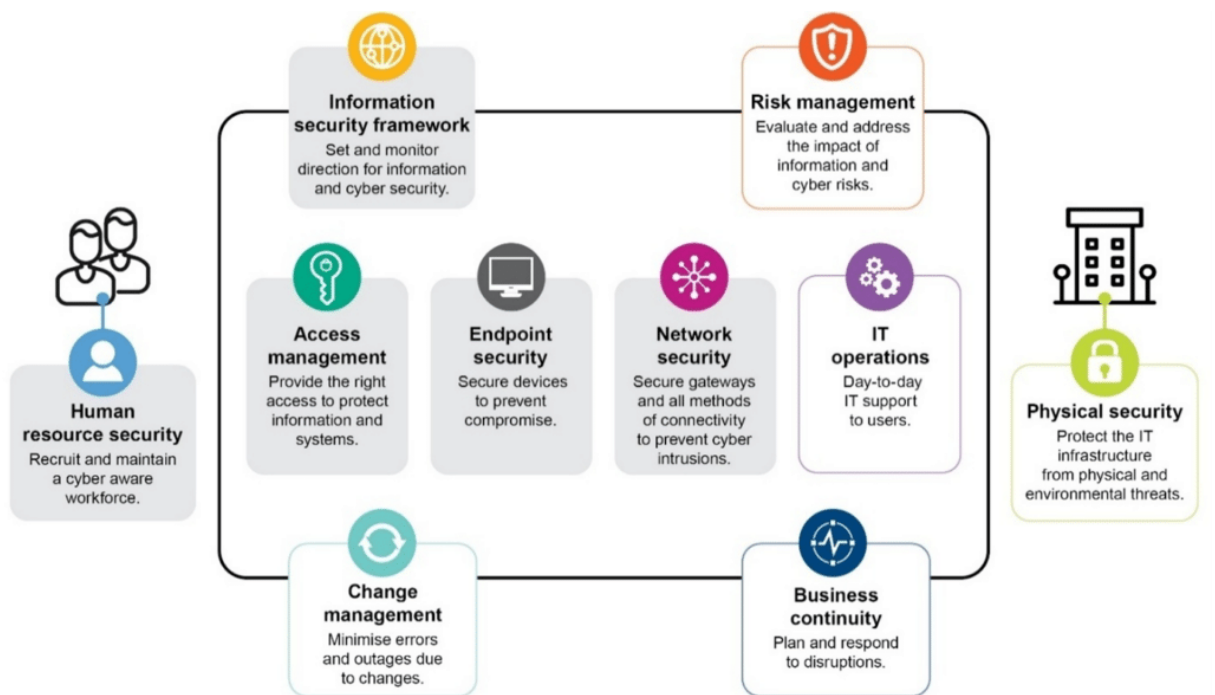
Findings to Entities	Control Category	Percentage of entities met the benchmark	Change from PY
78 findings to 36 entities 13 (red), 52 (orange), 13 (yellow)	 Access management	7%	-20%
61 findings to 49 entities 8 (red), 37 (orange), 16 (yellow)	 Information security framework	20%	-16%
48 findings to 28 entities 3 (red), 43 (orange), 2 (yellow)	 Endpoint security	13%	-5%
23 findings to 19 entities 12 (orange), 11 (yellow)	 Human resource security	47%	-8%
18 findings to 16 entities 2 (red), 12 (orange), 4 (yellow)	 Network security	33%	-22%
41 findings to 35 entities 3 (red), 30 (orange), 8 (yellow)	 Business continuity	27%	-18%
20 findings to 13 entities 8 (orange), 12 (yellow)	 IT operations	60%	-4%
19 findings to 19 entities 15 (orange), 4 (yellow)	 Risk management	60%	-40%
17 findings to 17 entities 13 (orange), 4 (yellow)	 Change management	53%	-29%
8 findings to 8 entities 8 (orange)	 Physical security	47%	-17%

Note: the control categories are ordered from most to fewest findings.

## Introduction

This is our seventh report on general computer controls (GCC) audits for local government entities. The purpose of GCC audits is to evaluate how well entities' computer controls safeguard the integrity, confidentiality and availability of key financial business systems.<sup>1</sup> This requires auditors to understand entities' IT environments and associated risks.<sup>2</sup>

For the 2025 year, we reported GCC weaknesses to 68 entities. We also provided 15 of these entities with a more in-depth capability maturity assessment. These assessments evaluate the maturity and effectiveness of entities' IT controls across our 10 control categories (Figure 1).



Source: OAG

Note: shaded categories relate to information and cyber security.

**Figure 1: Audited control categories**

Our audits incorporate recognised industry standards and better practices such as ISO 27002<sup>3</sup> and the Australian Signals Directorate's *Strategies to mitigate cybersecurity incidents*<sup>4</sup> which include the Essential Eight. They also consider entities' business objectives, complexity of computer systems and the information they hold.

<sup>1</sup> Auditing and Assurance Standards Board, [Auditing Standard ASA 315 Identifying and Assessing the Risks of Material Misstatement](#), AUASB, February 2020, accessed 24 April 2025.

<sup>2</sup> Auditing and Assurance Standards Board, [The Consideration of Cyber Security Risks in an Audit of a Financial Report](#), AUASB, May 2021, accessed 24 April 2025.

<sup>3</sup> ISO/IEC 27002:2022, *Information security, cybersecurity and privacy protection – information security controls*, 2022.

<sup>4</sup> Australian Signals Directorate, [Strategies to mitigate cybersecurity incidents](#), Australian Cyber Security Centre website, n.d., accessed 2 April 2025.

## Conclusion

Entities have addressed some prior year findings, but many weaknesses remain unresolved, particularly those related to information and cyber security controls. These weaknesses put entities at greater risk of service disruptions, disclosure of ratepayers' data, financial loss and reputational damage.

We reported 333 control weaknesses to 68 entities in 2025, compared to 360 weaknesses to 89 entities the year before. Nine per cent were rated significant, 69% moderate and 22% minor. The majority (60%) of the weaknesses were unresolved issues from prior years. The average number of findings remained in line with the prior year.

The capability maturity assessments we conducted at 15 entities show ongoing challenges in building effective information and cyber security capability. The maturity levels have stagnated or deteriorated across all 10 categories, with most entities failing to meet our benchmark.

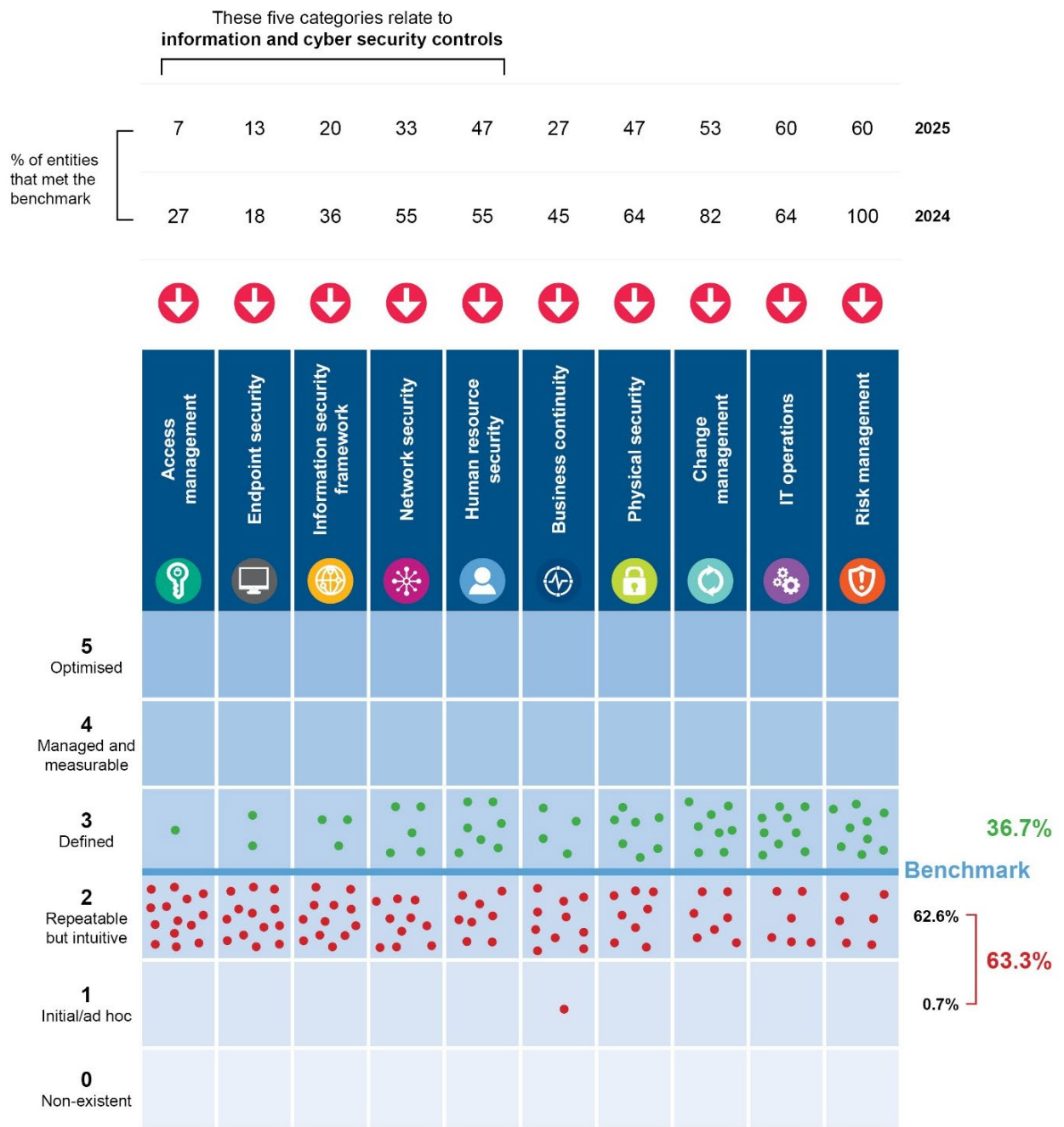
Identified control weaknesses collectively increase the risk of incidents that could compromise the integrity, confidentiality and availability of entities' key systems and information.

## What we found: Capability maturity assessments

In 2025, we conducted capability maturity assessments at 15 entities. We assessed entities' capability maturity levels across 10 categories on a 0-5 scale (Appendix 1), with a level of three or higher required to meet our benchmark. These categories include controls that play a key role in maintaining entities' security posture.

There was a decline in the maturity levels in all 10 categories compared to the prior year (Figure 2). The four entities we assessed for the first time this year contributed to this decline. The remaining 11 entities on average stayed in line with prior year levels in four categories and declined in six (Appendix 2).

Although most entities had policies and procedures for risk management, we identified that entity controls to mitigate risks were not operating effectively. As a result, this category showed the sharpest drop in 2025, followed by change management, network security and access management. This is of concern, as strong risk and change management practices are vital to proactively identify, assess and mitigate potential threats and reduce the likelihood of disruptions due to technology updates. Weak network security and access management practices can further adversely affect the integrity, confidentiality and availability of financial systems and sensitive information.



Source: OAG

Note: each dot represents an entity's maturity in the control category, ordered from lowest to highest performing (left to right).

**Figure 2: Capability maturity assessment results**

# What we found: General computer controls

We reported 333 general computer control weaknesses to 68 entities across the 10 control categories (Figure 3). Nine per cent of the findings were rated significant, 69% moderate and 22% minor. Most of the weaknesses were rated moderate and can expose the entities to cyber threats if left unaddressed.

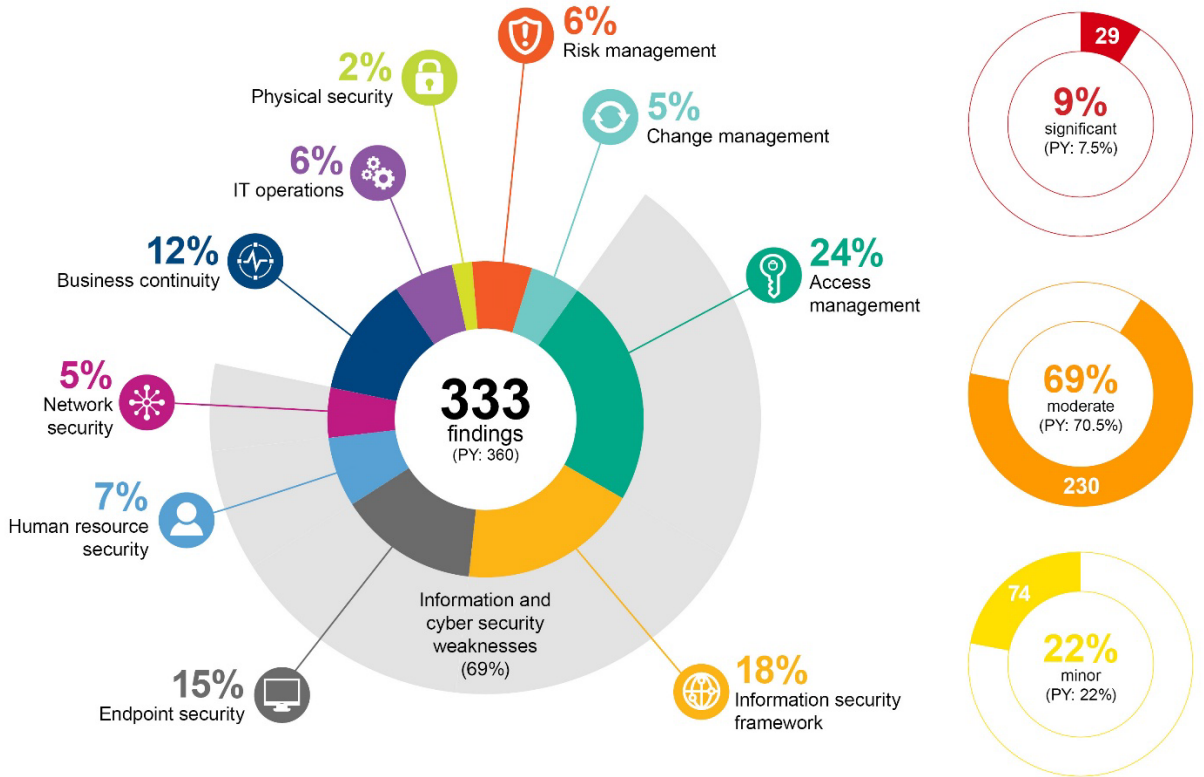
While the overall number of weaknesses has reduced since last year, the average number of weaknesses per entity remains largely the same.

The following control categories had significant weaknesses:

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

Most of the weaknesses, including significant, were unresolved issues from prior years. Of the significant issues, two thirds were identified as significant previously and the remaining third elevated to significant in 2025.

Throughout this report, case studies demonstrate how weak controls can compromise the integrity, confidentiality and availability of entities’ essential systems and information.

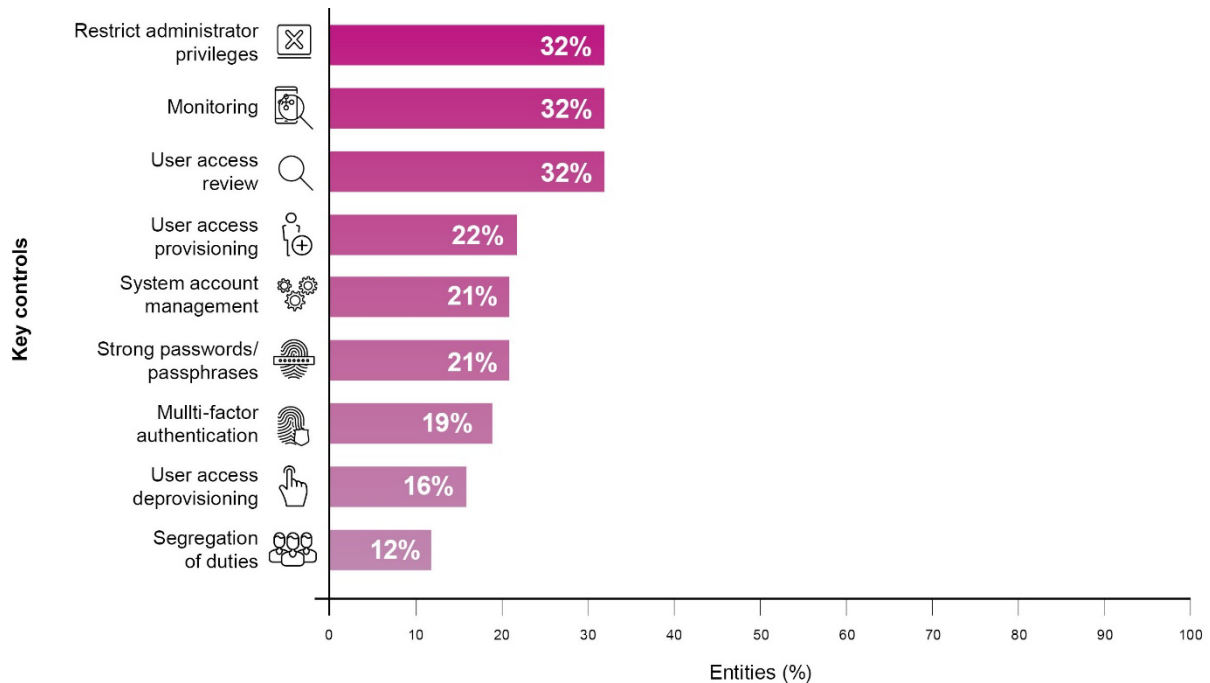


Source: OAG

Figure 3: Ratings and distribution of GCC findings

# 1. Access management

Access management continues to be an area of concern with the highest number of weaknesses (78) reported to 36 entities: 17% were rated significant, 67% moderate and the rest minor. Over half of these weaknesses (59%) are unresolved from the prior year.



Source: OAG

**Figure 4: Percentage of entities with key access management control weaknesses**

Nearly one-third of the entities lacked effective controls over administrator privileges, user activity monitoring or regular reviews of user access. These weaknesses increase the likelihood of data breaches. We also continue to identify poor password practices and lack of multi-factor authentication. Entities must prioritise strong authentication to achieve an effective layer of defence.

The following case studies highlight weaknesses we reported to entities and the potential impacts.

### Case study 1: Weak database controls

An entity was not logging or auditing changes made directly to data in its finance and human resources database, had not encrypted sensitive information and did not have a dedicated database administrator.

These weaknesses create a risk that data manipulation could occur without detection, making it impossible for the entity to trace or hold individuals accountable for such actions.

### Case study 2: Lack of multi-factor authentication for remote administrator access

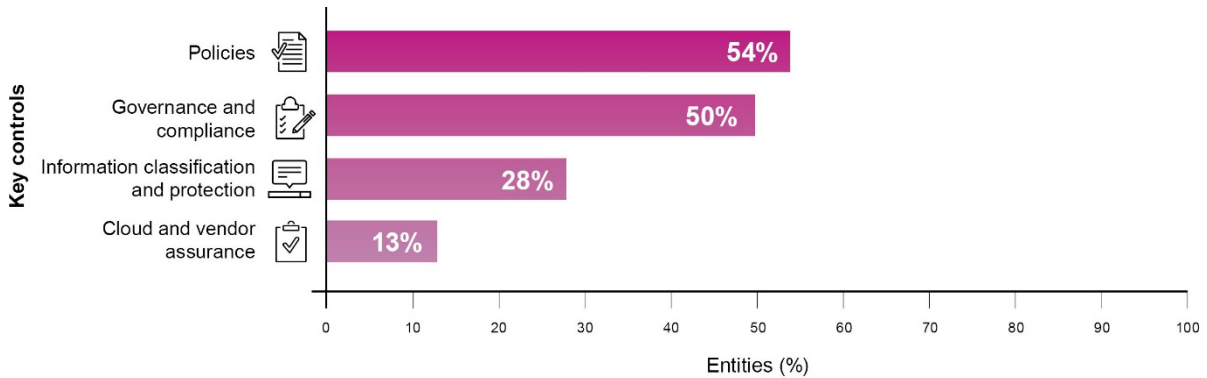
An entity did not require multi-factor authentication for remote access, increasing the likelihood of compromised accounts being used to target the entity network. Remote connections were also permitted for highly privileged accounts, such as domain administrators. It is better practice to limit remote access to standard user accounts to reduce the potential damage in the event of a breach.

### Case study 3: Permanent privileged access to human resources application

An entity had permitted an external vendor permanent privileged access to its HR application through a shared account. This included permissions to edit payroll information and other personal details of entity staff. If privileged access is not restricted to just-in-time, it becomes difficult to monitor and trace actions performed by third parties, especially when shared accounts are used.

## 2. Information security framework

We reported 61 weaknesses in this category to 49 entities: 13% were rated significant, 61% moderate and 26% minor. Most of weaknesses (74%) were findings unresolved since the prior year.



Source: OAG

**Figure 5: Percentage of entities with key information security framework control weaknesses**

Most entities lacked effective and up-to-date policies to govern, manage and protect their information and technology environments. We found further weaknesses such as lack of an ICT steering committee to oversee and provide strategic direction for ICT initiatives, at half of the entities.

The following case study highlights a good practice we observed at one entity.

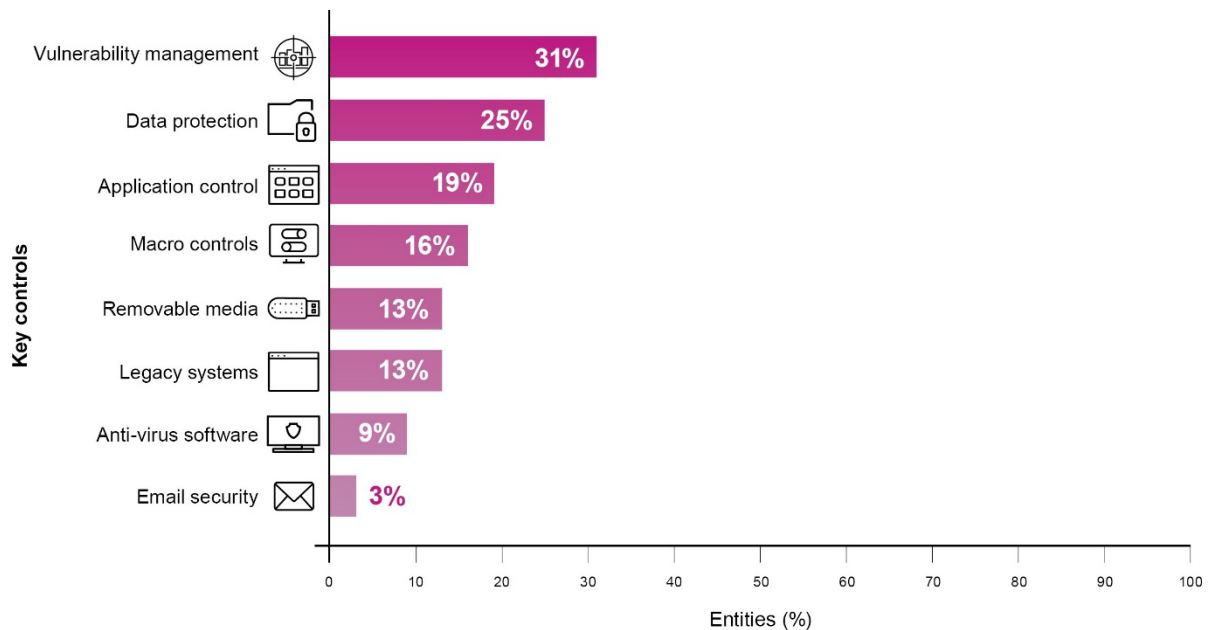
### Case study 4: Good controls to prevent data loss

An entity has implemented appropriate controls for data loss prevention. These controls generate alerts when the transfer of personally identifiable and sensitive information is detected. Staff were also prevented from accessing the entity's cloud services from unmanaged devices (e.g. personal computers and mobiles not enrolled in the entity's system).

Strong data loss prevention measures help keep personal and sensitive information safe from unauthorised access.

## 3. Endpoint security

We reported 48 weaknesses in this category to 28 entities: 6% were rated significant, 90% moderate and the rest minor. Most of the weaknesses (63%) were unresolved from prior years.



Source: OAG

**Figure 6: Percentage of entities with key endpoint security control weaknesses**

Entities often failed to promptly identify, assess and patch vulnerabilities, and updates to legacy systems<sup>5</sup> were deferred. Insufficient controls to mitigate malware and known vulnerabilities further increased the risk of security breaches.

The following case studies highlight a good practice and a weakness we observed.

#### Case study 5: Good oversight over vulnerabilities

An entity is managing its patching activities well. It reviews its scheduled patch deployments and compliance across its environment. Proactive patch management lets the entity understand how effective its patching operations are and identify areas of improvement. The entity is better prepared to protect itself from software vulnerabilities.

#### Case study 6: Ineffective Microsoft Office macro controls

An entity did not appropriately configure controls to restrict Microsoft Office macros.<sup>6</sup> We found over 70% of entity staff could run macros.

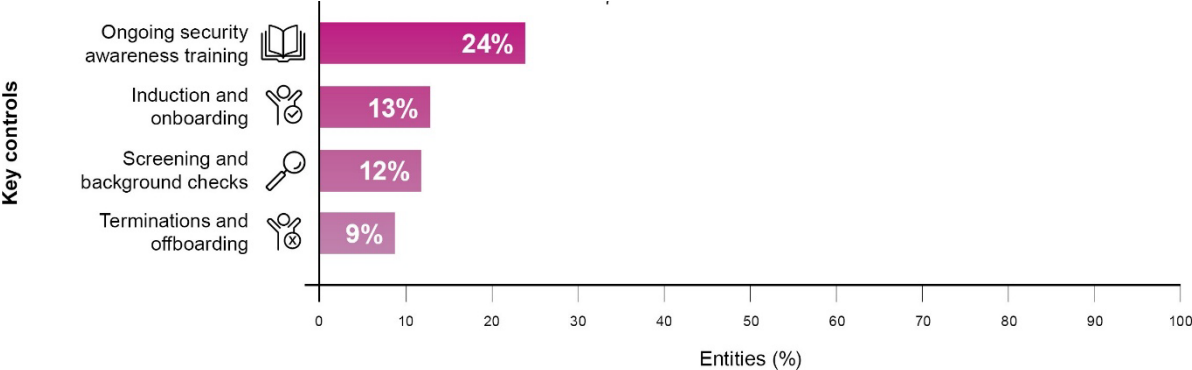
Macros are a common channel for malware attacks which can affect the confidentiality, integrity and availability of entity systems and information. Entities should minimise the use of macros and only allow it for legitimate business needs.

<sup>5</sup> A legacy system no longer receives support, including security updates, from the vendor. It should be transitioned to an up-to-date, supported system to improve security.

<sup>6</sup> Microsoft Office macros are software code used to automate repetitive tasks.

## 4. Human resource security

We reported 23 weaknesses in this category to 19 entities: 52% were rated moderate and 48% minor. This area continues to demonstrate ongoing issues, with most weaknesses (65%) remaining unaddressed from previous years.



Source: OAG

**Figure 7: Percentage of entities with key human resource security control weaknesses**

Entities had insufficient security awareness training. This increases the likelihood of successful phishing and impersonation from staff not detecting suspicious activity or understanding practices for safeguarding data. Entities also failed to carry out proper onboarding and background checks.

Effective human resource security controls reduce the likelihood of insider threats and cyber criminals taking advantage of staff through social engineering.

The following case studies highlight weaknesses we reported and their potential impacts.

### Case study 7: Phishing results in fraudulent payment

An entity was subject to a successful social engineering attack resulting in account details of a supplier being changed in their finance application. Approximately \$350,000 was paid to an unknown third party before the breach was discovered. Effective security awareness training often acts as the first line of defence against social engineering attacks such as this. Entities should ensure all staff undertake training periodically.

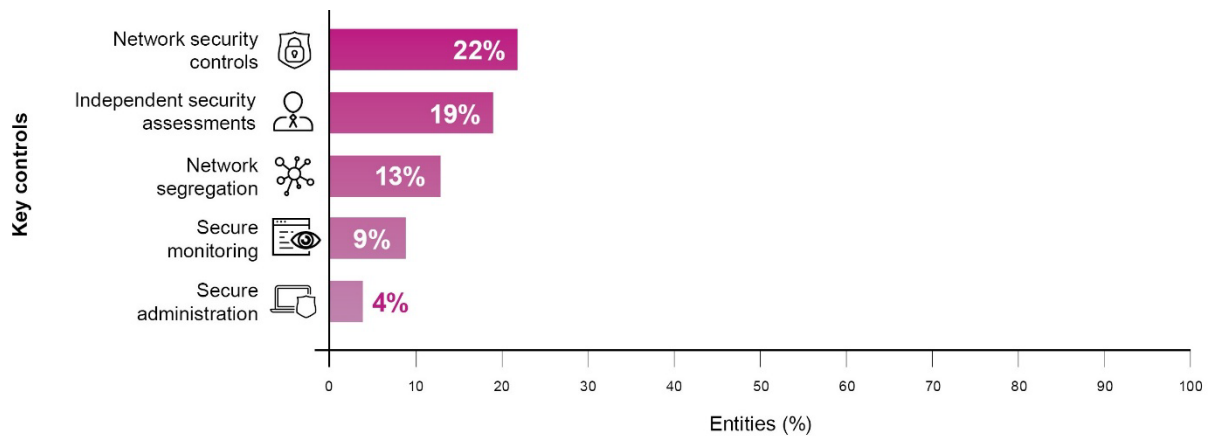
### Case study 8: Failure to seek police clearances

An entity did not perform police clearance checks on sampled key staff in privileged roles, such as a senior management accountant, finance officer and systems administrator. Lack of police clearance checks could lead to an entity inadvertently hiring people that increase the likelihood of sensitive information and asset theft or misuse.

Entities should perform appropriate background screening, including police clearance checks, for positions of trust to assess the risks and make informed decisions about granting access to their systems and information.

## 5. Network security

We reported 18 weaknesses in this category to 16 entities: 11% were rated significant, 67% moderate and the rest minor. A third (33%) of the weaknesses in this area were unresolved prior year findings.



Source: OAG

**Figure 8: Percentage of entities with key network security control weaknesses**

Weaknesses in this category were mainly due to weak network security controls, which are crucial in safeguarding critical systems against cyber threats. Other weaknesses included insecure management of network devices, ineffective network segregation and a lack of control over unauthorised devices. Entities were also not regularly testing their controls through penetration testing.

The following case studies highlight a good practice we observed as well as weaknesses we reported to entities and the potential impacts.

#### **Case study 9: Continuous external security assessments provide better protection**

An entity assesses its IT environment and infrastructure continuously, focusing on firewall configuration, network penetration tests and its implementation of the Essential Eight mitigation strategies. Continuous assessments allow the entity to accurately track the effectiveness of its controls and help maintain strong cyber security defences, reducing the risk of security breaches.

#### **Case study 10: Default passwords and poor network security expose building management system**

An entity had not changed the default credentials for administrator access to their building management system. This vulnerability, combined with the entity's weak network and endpoint controls, could allow attackers access to systems managing temperature, lighting and doors.

Entities should use strong passwords for critical systems, keep operational technology networks separate from corporate networks and block unauthorised device connections.

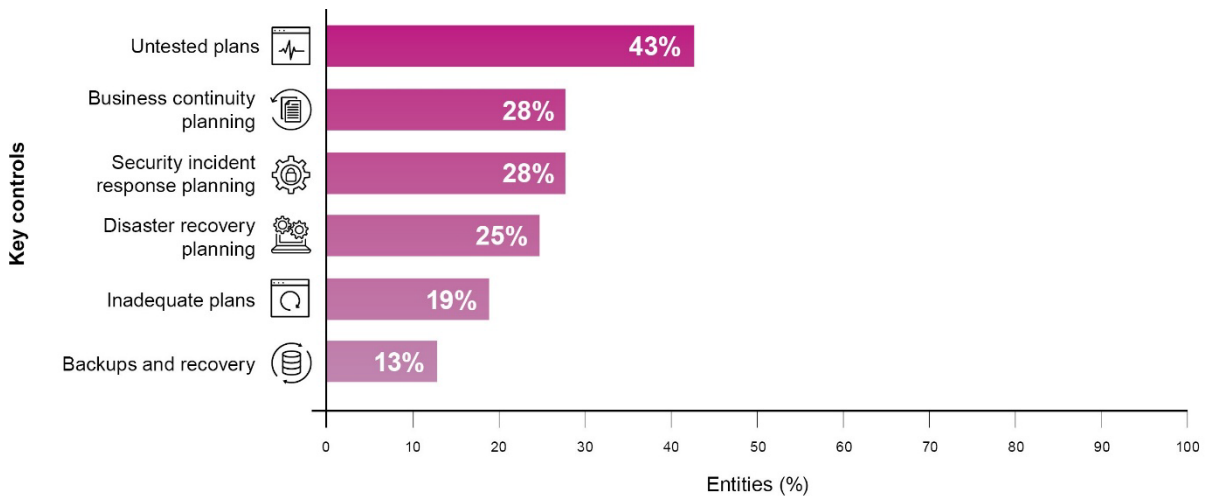
#### **Case study 11: Lack of network security allows corporate network access from public computers**

An entity did not restrict network traffic between its critical servers and its publicly accessible areas effectively. Through our testing, we could establish a connection to its critical servers from the public library. Poor network controls significantly heighten the risk of compromise.

Entities should restrict traffic between networks effectively to safeguard the confidentiality, integrity and availability of their systems and information.

## 6. Business continuity

We reported 41 weaknesses in this category to 35 entities: 7% were rated significant, 73% moderate and the rest minor. Most of the weaknesses (61%) were unresolved from prior years.



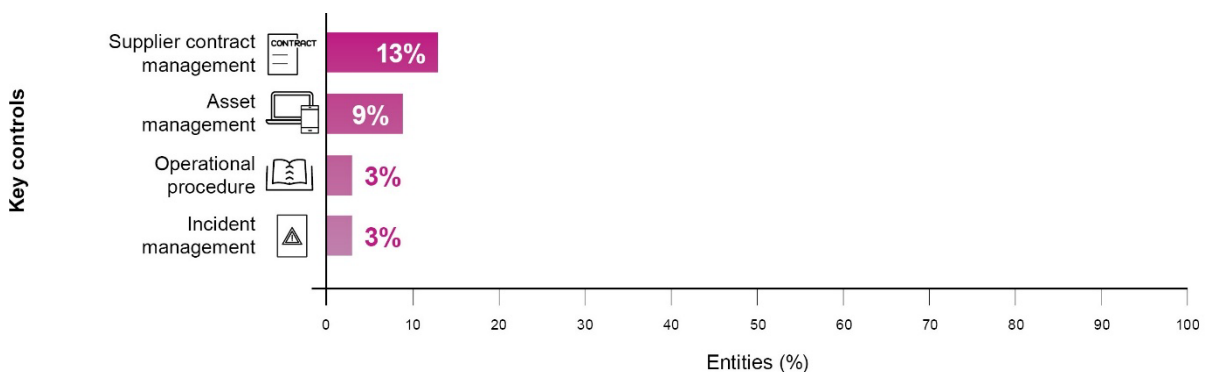
Source: OAG

**Figure 9: Percentage of entities with key business continuity control weaknesses**

Most weaknesses in this category resulted from entities not testing business continuity and disaster recovery plans regularly. As a result, plans are often outdated and lack proper validation through testing. Disasters, though rare, can greatly affect business. Without up-to-date, well-documented and tested plans, entities may struggle to manage incidents and restore services promptly.

## 7. IT operations

We reported 20 weaknesses in this category to 13 entities: 40% were rated moderate and 60% minor. Although entities generally performed well in this category, half of the weaknesses were unresolved issues from the prior year.



Source: OAG

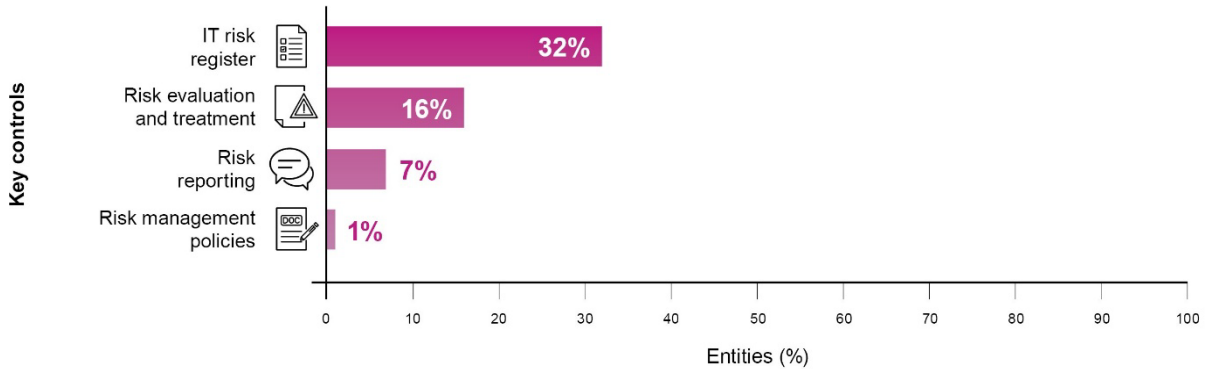
**Figure 10: Percentage of entities with key IT operations control weaknesses**

Most weaknesses were due to entities either not having well-documented cyber security requirements in supplier contracts or poorly managed service level agreements. Weak IT asset management practices at some entities also increased exposure to potential financial or information loss.

The IT operations category focuses on services delivered to entity staff. Operational disruptions, poor asset management or ineffective service desk processes could directly affect users' productivity, lead to loss of IT assets and compromise of data.

## 8. Risk management

We reported 19 weaknesses in this category to 19 entities: 79% were rated moderate and the rest minor.



Source: OAG

**Figure 11: Percentage of entities with key risk management control weaknesses**

Most of the weaknesses we identified related to incomplete or outdated IT risk registers. We also found discrepancies in entities' control effectiveness assessments, where controls did not mitigate risks effectively.

The following case study highlights a weakness we reported and its potential impact.

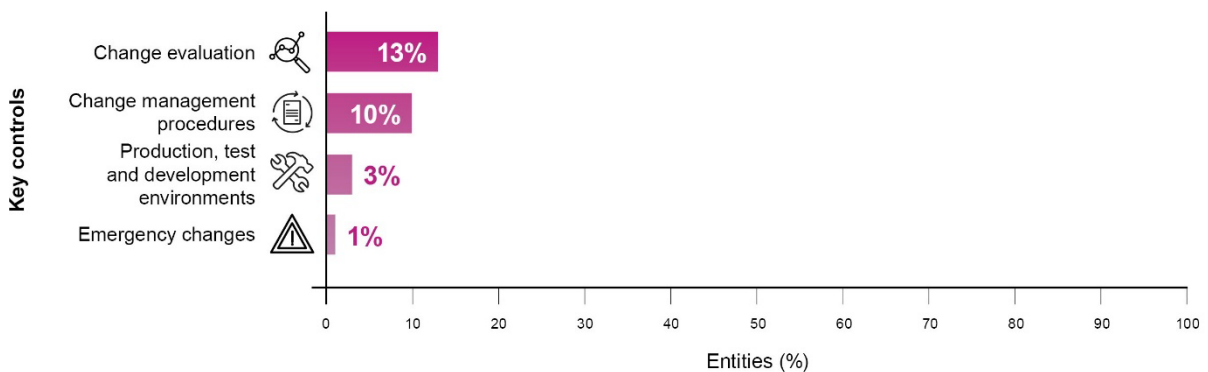
### Case study 12: Inadequate oversight over IT risks

An entity did not review, monitor and report identified IT and cyber security risks, mitigation strategies and controls. A lack of appropriate IT risk oversight can result in greater risk to business plans and information security over time.

Entities should ensure that identified IT and cyber security risks are reviewed regularly and are in line with their risk management plans.

## 9. Change management

Entities generally performed well in this category. We reported 17 weaknesses to 17 entities: 76% were rated moderate and the rest minor.



Source: OAG

**Figure 12: Percentage of entities with key change management control weaknesses**

Our testing found issues with change control weaknesses, including changes made without proper evaluation and incomplete or ad hoc change records. Poor change management can result in system outages and service disruptions.

The following case study highlights a weakness we reported and its potential impacts.

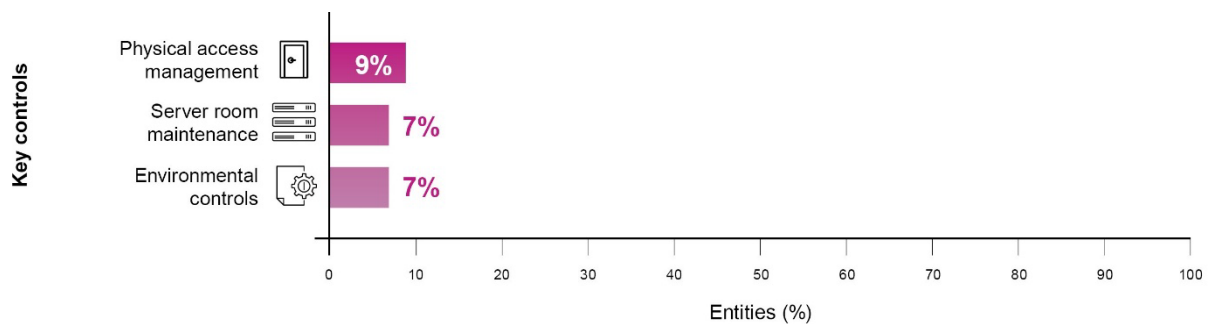
**Case study 13: Lack of separate development and test environments increases operational risks**

An entity did not maintain development and testing environments for one of its key business applications. All updates were applied directly in production without testing, impacting live data and increasing the risk of service disruptions.

Entities should use separate environments for safer changes to critical applications.

## 10. Physical security

This is another category where entities tend to perform well. We reported eight moderate-rated weaknesses in this category to eight entities.



Source: OAG

**Figure 13: Percentage of entities with key physical security control weaknesses**

The identified weaknesses were due to inadequate management of physical access controls for buildings and server rooms, such as granting excessive privileges or failing to revoke access in a timely manner. Furthermore, some entities failed to keep proper conditions in their server rooms putting IT equipment at risk of being damaged.

The following case study highlights a weakness we reported and its potential impacts.

**Case study 14: Fire risks in server rooms**

An entity’s server rooms lacked fire suppression systems and the fire-rated walls had structural damage. The entity was also storing old, unused IT equipment in one of the server rooms. These factors increase the potential impact of fire damage to the entity’s servers and equipment. Entities should ensure that server rooms and rooms containing important IT infrastructure are free from clutter and have appropriate fire mitigation measures.

---

## OAG insights and tips

Our observations and recommendations are largely unchanged from previous years. All audited entities received detailed findings and recommendations. All public sector entities must maintain ongoing vigilance and continually enhance their controls to effectively address emerging risks.

### 1. To ensure only authorised individuals have access, entities should:

- a. implement effective access management processes including regular review of user accounts
- b. implement activity monitoring processes to detect malicious activity
- c. strive for passwordless authentication. Where this is not possible, enforce strong passphrases/passwords
- d. implement phishing resistant multi-factor authentication, particularly for privileged accounts
- e. limit and control administrator privileges and system accounts
- f. enforce segregation of duties so that an individual cannot perform the end-to-end process.

### 2. To ensure appropriate governance and consistent security, entities should:

- a. maintain clear information and cyber security policies and roles
- b. classify information and implement data loss prevention controls
- c. conduct regular assessments to ensure the security of their IT supply chain
- d. obtain and review service organisation controls (SOC) type 2 or equivalent assurance reports when they use software-as-a-service (SaaS) applications for key systems including payroll and finance.

### 3. To protect workstations, servers and mobile and network devices against cyber threats, entities should:

- a. promptly identify and address known vulnerabilities
- b. implement data encryption to protect sensitive information from unauthorised access
- c. prevent unapproved applications and macros from executing
- d. enforce minimum security baseline controls for personal or third-party devices
- e. maintain currency of applications and hardware
- f. implement effective controls against malware
- g. implement controls to prevent impersonations and detect/prevent phishing emails.

### 4. To reduce the risk of insider threats and unintentional errors, entities should ensure:

- a. ongoing security awareness training programs are in place and completed by all staff

- b. confidentiality/non-disclosure requirements are in place and understood by individuals
  - c. pre-employment screening is conducted for key positions
  - d. effective offboarding procedures exist and are followed to ensure timely access cancellation and return of assets.
- 5. To safeguard networks and critical systems against cyber threats, entities should:**
- a. prevent unauthorised devices from connecting to their corporate network
  - b. regularly perform independent penetration tests to verify network security controls
  - c. segregate their network, particularly for IT and operational technology systems
  - d. actively monitor network events to allow for effective incident response
  - e. limit and control administration of network devices.
- 6. To ensure services, IT systems and information can be recovered in the event of an outage or emergency, entities should:**
- a. backup critical data to enable recovery after malware, accidental deletion, hardware failure or ransomware
  - b. maintain up-to-date business continuity, disaster recovery and incident response plans and regularly test them.
- 7. To deliver and maintain IT services effectively, entities should:**
- a. have formal service level agreements with suppliers and regularly monitor supplier performance
  - b. implement policies and procedures to record, review and dispose of assets
  - c. implement appropriate IT incident and problem management procedures.
- 8. To ensure existing and emerging IT risks are managed effectively and do not exceed entity risk appetites, entities should:**
- a. ensure IT, information and cyber security risks are identified, assessed and treated within appropriate timeframes
  - b. understand their information assets and apply controls based on their value
  - c. regularly assess controls to ensure they are operating effectively to mitigate risks
  - d. fully implement their risk management policies to manage IT and cyber security risks.
- 9. To reduce the likelihood of system outages and service disruptions, entities should:**
- a. assess and test changes before and after implementation to minimise problems
  - b. consistently apply change control processes when making changes to their IT systems
  - c. maintain appropriate change segregation of duties
  - d. implement controls to detect unauthorised changes.

**10. To support the reliability of IT infrastructure and systems, entities should:**

- a. implement effective physical access controls to prevent unauthorised access
- b. ensure the server room is kept suitably clean
- c. maintain environmental controls to prevent damage to IT infrastructure arising from heat, moisture, fire and other hazards
- d. gain assurance that third-party providers manage data centres appropriately.

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 report.<sup>7</sup> 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.

## Resources

Entities can seek further guidance from various OAG, Office of Digital Government and Australian Cyber Security Centre publications:

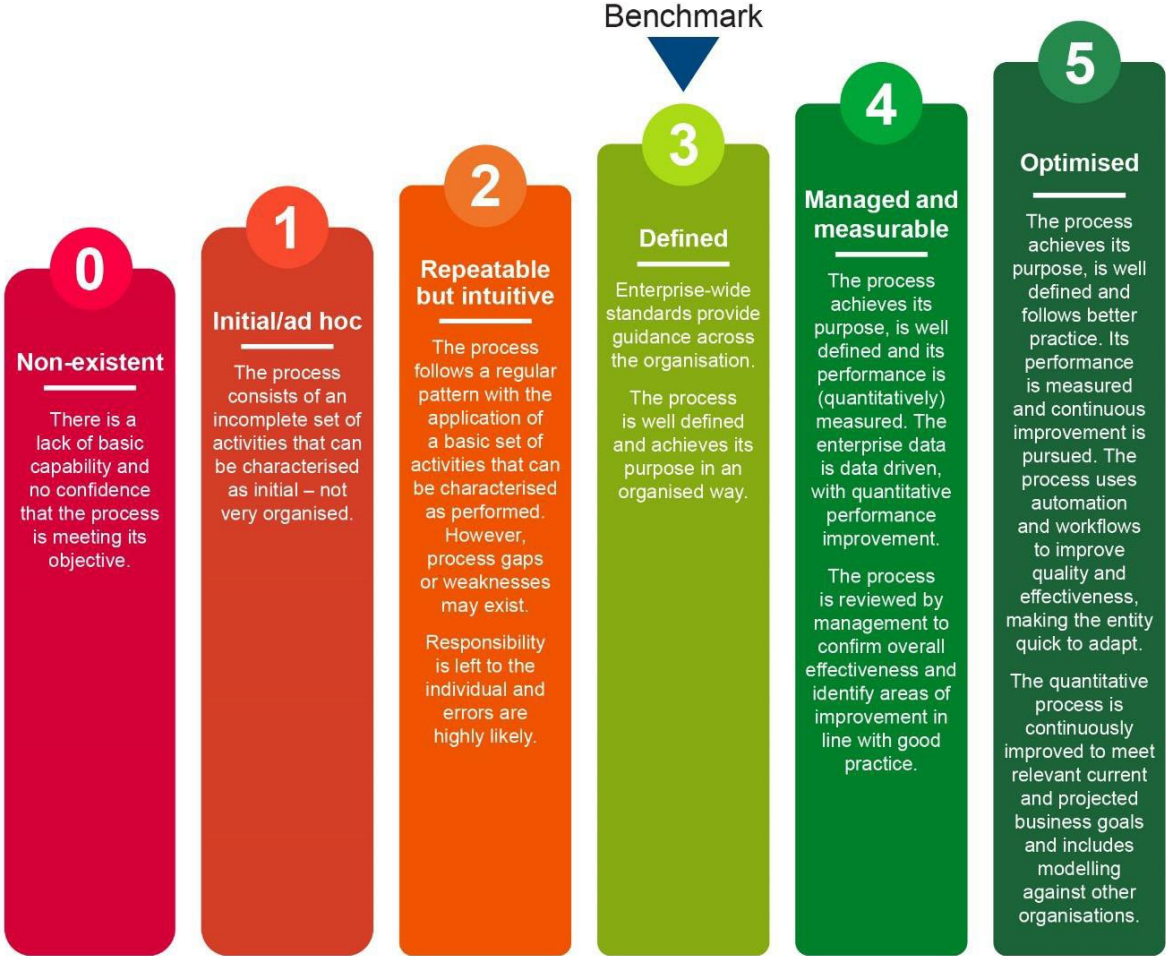
- Office of the Auditor General, [\*Digital Identity and Access Management – Better Practice Guide\*](#), OAG website, 28 March 2024.
- Office of the Auditor General, [\*Local Government IT Disaster Recovery Planning\*](#), OAG website, 31 May 2024.
- Office of the Auditor General, [\*Local Government Physical Security of Server Assets\*](#), OAG website, 24 June 2024.
- Office of Digital Government, [\*WA Government Cyber Security Policy\*](#), WA.gov.au, 1 October 2025.
- Office of Digital Government, [\*Cyber Security Playbooks\*](#), WA Cyber Security Unit (DGov Technical) website, 5 May 2025.
- Australian Signals Directorate, [\*Information security manual\*](#), Australian Cyber Security Centre website, n.d.
- Australian Signals Directorate, [\*Essential Eight explained\*](#), Australian Cyber Security Centre website, 27 November 2023.

The Department of Local Government, Industry Regulation and Safety is collaborating with the Office of Digital Government to deliver a cyber security pilot project to enhance cyber security practices of participating local government entities.

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<sup>7</sup> 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>).

# Appendix 1: Capability assessment benchmark



Source: OAG

# Appendix 2: Year-on-year capability assessment result comparison (11 entities in 2024)

Categories		2024	2025*	
These five categories relate to information and cyber security controls	 Access management	27	9	
	 Endpoint security	18	18	
	 Information security framework	36	27	
	 Network security	55	45	
	 Human resource security	55	55	
	 Business continuity	45	36	
	 Physical security	64	64	
	 Change management	82	64	
	 IT operations	64	64	
	 Risk management	100	73	

Source: OAG

\* Percentages of entities assessed in 2024 that met the benchmark in 2025.

## Auditor General's 2025-26 reports

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

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Office of the Auditor General  
for Western Australia



Report 13: 2025-26 | 15 April 2026

**FINANCIAL AUDIT RESULTS**

# Local Government 2025



## Office of the Auditor General for Western Australia

### **Audit team:**

Grant Robinson  
Kellie Tonich  
Tamara McCarthy  
Financial Audit teams  
Information Systems Audit teams

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

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

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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

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**Local Government 2025 – Financial Audit  
Results**

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Report 13: 2025-26  
15 April 2026

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**THE PRESIDENT  
LEGISLATIVE COUNCIL**

**THE SPEAKER  
LEGISLATIVE ASSEMBLY**

### **LOCAL GOVERNMENT 2025 – FINANCIAL AUDIT RESULTS**

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

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

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

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

Caroline Spencer  
Auditor General  
15 April 2026

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## Auditor General's overview

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



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

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

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

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

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

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<sup>1</sup> Office of the Auditor General, [Status of Local Government Audits 2025](#), OAG website, 28 January 2026.

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

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


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





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

---


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



# 2025 local government reporting cycle at a glance



-  **147** local government entities (PY: 147)
-  **138** audits finalised and the results included in this report (PY: 146)
-  **0\*** disclaimer opinion (PY: 1)
-  **2\*** qualified opinions on 4 matters (PY: 10 opinions on 13 matters)

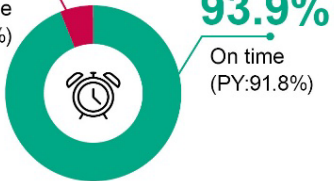
\* Does not include the outstanding audits of 9 entities.



-  We audited **\$5.6 billion** of local government revenue (PY: \$5.4 billion)
-  We audited **\$60.7 billion** of total local government sector assets (PY: \$59.8 billion)

## Timeliness

### Audit completion

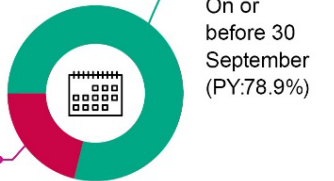


**6.1%** Not on time (PY: 8.2%)

**93.9%** On time (PY: 91.8%)

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

### Submission of audit ready financial statement



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

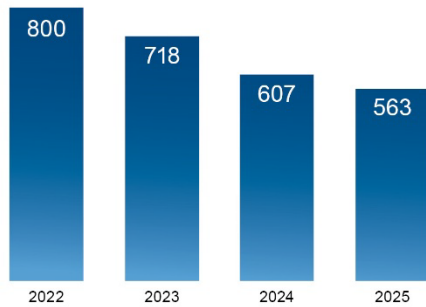
**21.1%** After 30 September (PY: 21.1%)

PY: prior year

## Audit results\*

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

### Number of financial management issues



**0**

disclaimer of opinion (PY: 1)

**2**

qualified opinions (PY: 10)

**9**

opinions outstanding (PY: 1)

**563**

financial management issues (PY: 607)

**333**

information system control issues (PY: 360)

Removed **6**

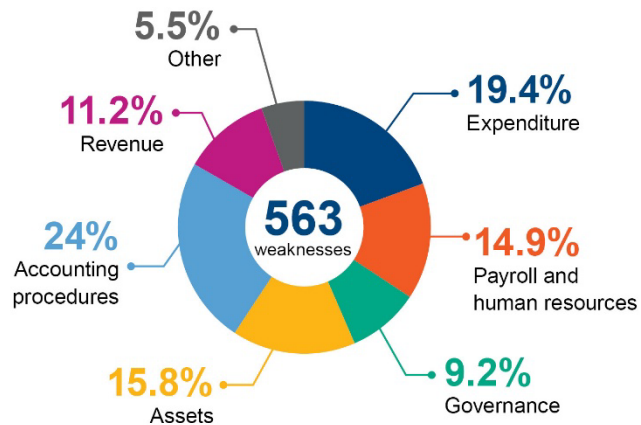
qualified opinions on 7 matters (PY: 6 opinions on 7 matters)

**22**

emphasis of matter paragraphs (PY: 20)

## Financial and management weaknesses

The 138 entities with finalised audits had:



## Financial reporting, accountability and audit matters



Quality and timeliness of financial reporting (page 11)



Assets (page 21)



Financial health (page 25)



OAG insights (page 29)

# Review of the 2025 financial year

## What we did

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

## Summary of audit opinions

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

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

Source: OAG

**Table 1: Audit results for the past two years**

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

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

## Disclaimer removals

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

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

<sup>4</sup> Office of the Auditor General, [Status of Local Government Audits 2025](#), OAG website, 28 January 2026.

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

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

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

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

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

The Shire of Toodyay 2025 audit report contained three qualifications:

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

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

## Two qualified opinions

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

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

## Emphasis of matter paragraphs (EoM)

In 2025, we included 22 EoM (Appendix 5) paragraphs in 22 entity audit reports which is relatively on par with the 20 EoM paragraphs included in 20 reports the prior year. We expect the number of EoM's to increase as the outstanding nine audits are finalised. This year EoM paragraphs directed the readers' attention to:

- restatements of comparative figures or balances to correct prior period errors, largely related to property and infrastructure assets (2025: 16 entities) (2024: 16 entities)
- the basis of accounting used by the entity (2025: 2 entities) (2024: 1 entity)
- investment in associates (2025: 4 entities) (2024: 0).

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

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

## Material uncertainty related to going concern

Under Australian Auditing Standards, we consider whether events or conditions exist that may cast significant doubt on the entity's ability to continue as a going concern. Essentially, if an entity can fund their continuing operations, they are considered to be able to continue as a going concern.

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

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

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

## Provision of quality financial reports enables timely financial reporting

### Provision of financial reports

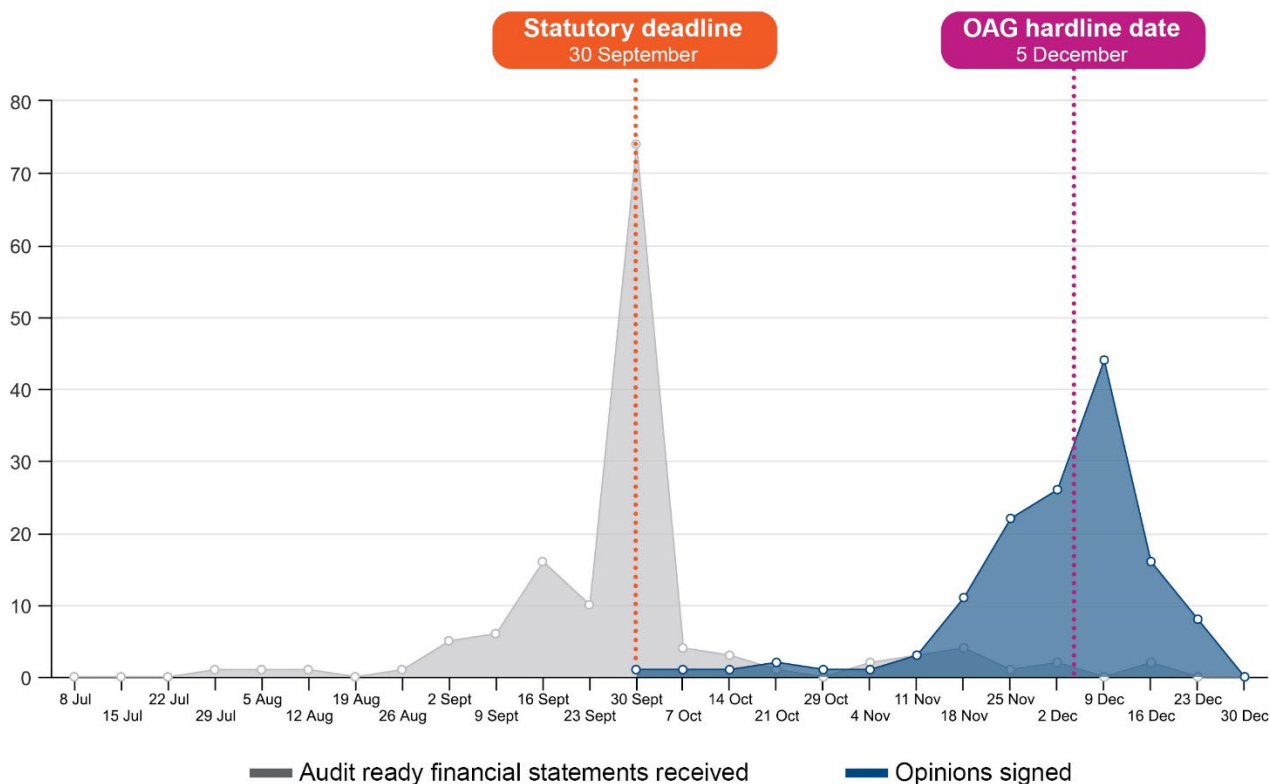
While 84% of the 138 local government entities included within this report provided their financial report by the legislated deadline of 30 September 2025, 54% of entities provided their financial report during the week of the deadline. One-third of entities provided their financial report to the auditors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

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

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<sup>5</sup> Office of the Auditor General, [Local Government 2023-24 Financial - Audit Results](#), OAG website, 24 April 2025.

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



Source: OAG

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

## Timeliness of reporting

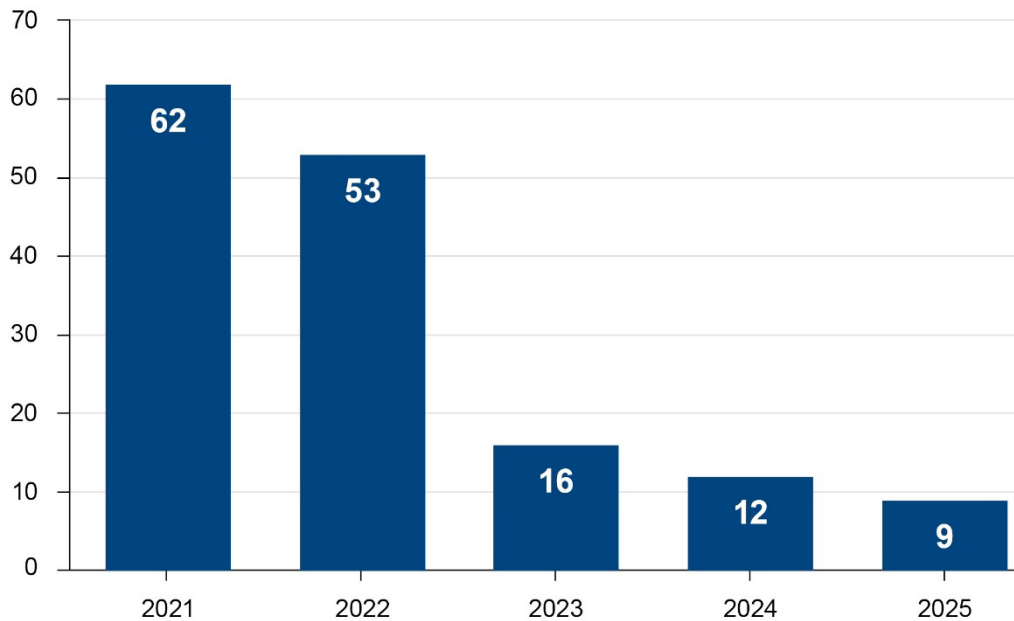
### *More opinions meeting statutory deadlines*

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

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

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

<sup>7</sup> Office of the Auditor General, [Status of Local Government Audits 2025](#), OAG website, 28 January 2026.



Source: OAG

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

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

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

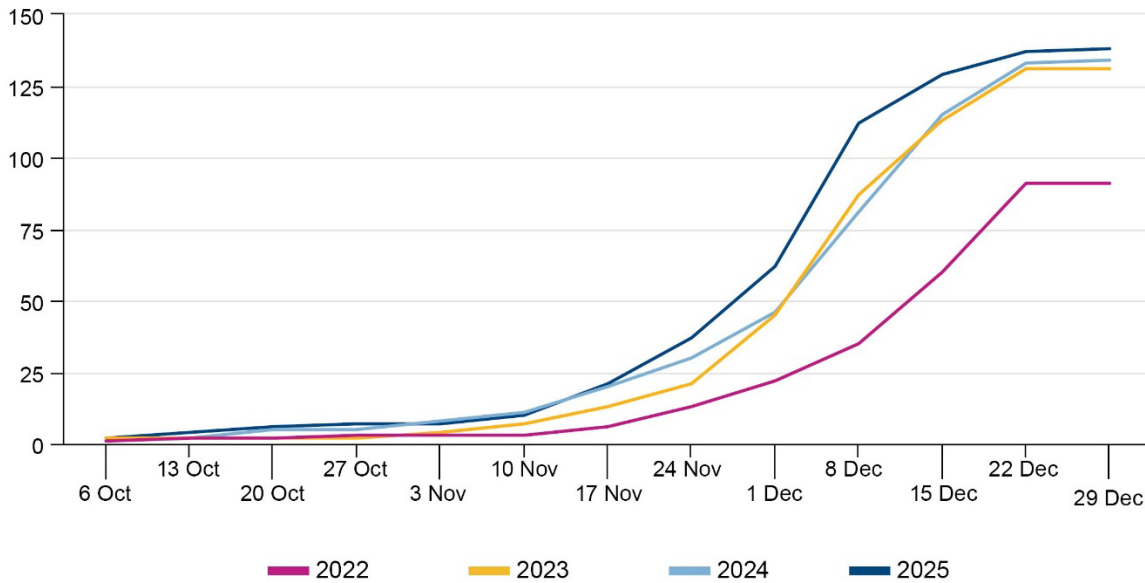
Despite delayed lodgements in 2024 the following entities, through appropriate commitment and resolve, successfully addressed the contributing issues and met the statutory deadline in 2025:

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

<sup>8</sup> Office of the Auditor General, [Status of Local Government Audits 2025](#), OAG website, 28 January 2026.

*Overall Progress is positive, but audit bottleneck continues*

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

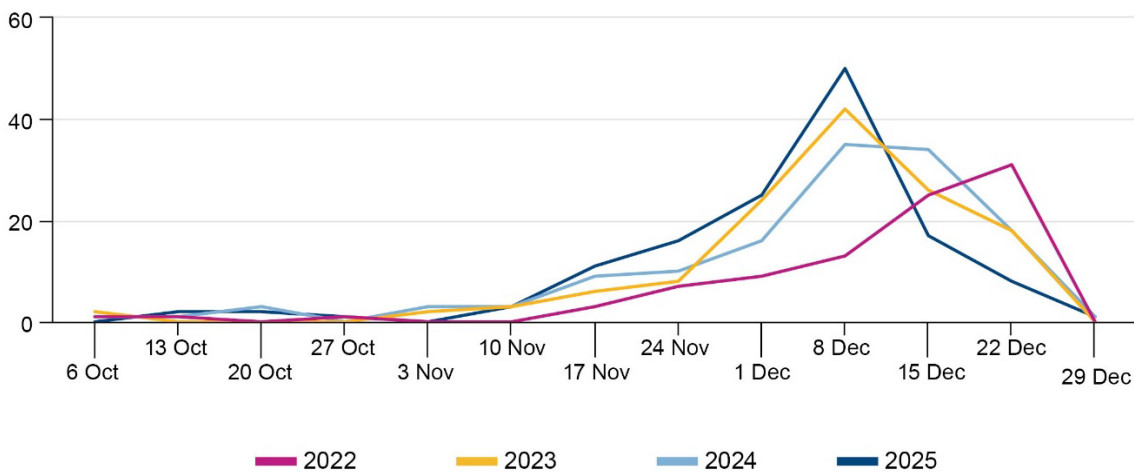


Source: OAG

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

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

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



Source: OAG

**Figure 4: Opinions issued per week 2022 to 2025**

## Quality

Good quality financial reports are accurate, clear and complete.

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

### *Prior period errors are increasing*

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

Common themes were:

- found assets
- valuation errors
- duplicate assets.

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

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

### *Financial report versions still too high*

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

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

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

### *Value of errors increase in 2025*

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

Errors are identified during the audit process, and we advise entities of those that are more than clearly trivial. Material errors must be corrected to avoid a potential modified opinion,

while immaterial errors may be left unadjusted where they do not affect the fair presentation of the financial report.

Year	Adjusted errors			Unadjusted errors			Total errors	
	No. of entities	No. of errors	Value	No. of entities	No. of errors	Value	No. of errors	Value
2025	98	301	\$674,314,611	55	125	\$43,987,252	426	\$718,301,863
2024 <sup>9</sup>	100	297	\$393,532,137	63	137	\$58,713,391	434	\$452,245,528
2023	100	285	\$1,125,288,333	59	104	\$69,157,705	389	\$1,194,446,038
2022	91	335	\$1,613,529,048	58	132	\$50,668,884	467	\$1,664,197,932

Source: OAG

**Table 2: Adjusted and unadjusted errors for entities**

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

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

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

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

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

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

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

<sup>9</sup> 2024 numbers have been restated and are now inclusive of 11 entities which have been signed out since our [Local Government 2023-24 Financial Audit Results](#) report.

## Best practice entities

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

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

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

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

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

We congratulate the entities we rated as the top achievers for 2025.

Best practice top entities	
Top 10 Band 1 & 2	Top 20 Band 3, 4 and other entities
<ul style="list-style-type: none"> <li>• City of Belmont</li> <li>• City of Cockburn</li> <li>• City of Fremantle</li> <li>• City of Greater Geraldton</li> <li>• City of Rockingham</li> <li>• City of Vincent*</li> <li>• Shire of Mundaring*</li> <li>• Shire of Murray*</li> <li>• Shire of Northam</li> <li>• Shire of Wyndham-East Kimberley</li> </ul>	<ul style="list-style-type: none"> <li>• Murchison regional vermin council</li> <li>• Shire of Beverley*</li> <li>• Shire of Boddington</li> <li>• Shire of Chittering</li> <li>• Shire of Christmas Island*</li> <li>• Shire of Donnybrook-Balingup</li> <li>• Shire of Exmouth*</li> <li>• Shire of Gingin</li> <li>• Shire of Irwin*</li> <li>• Shire of Lake Grace*</li> <li>• Shire of Laverton</li> <li>• Shire of Menzies*</li> <li>• Shire of Nannup</li> <li>• Shire of Narembeen</li> <li>• Shire of Ngaanyatjarraku</li> <li>• Shire of Peppermint Grove</li> <li>• Shire of Three Springs*</li> <li>• Shire of Wagin</li> <li>• Shire of Waroona</li> <li>• Shire of Wyalkatchem</li> </ul>

Source: OAG

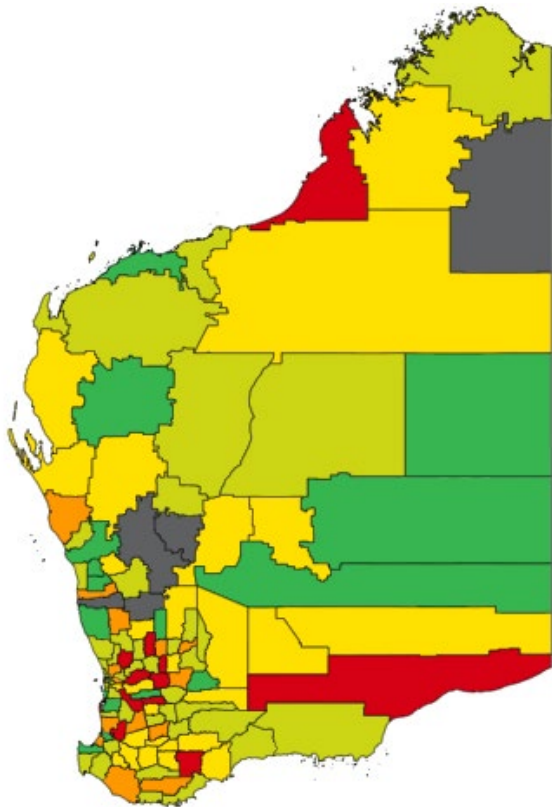
\* Indicates entities which received best practice in the Local Government 2023-24 – Financial Audit Results report.

**Table 3: Best practice entities for 2025**

# Control weaknesses

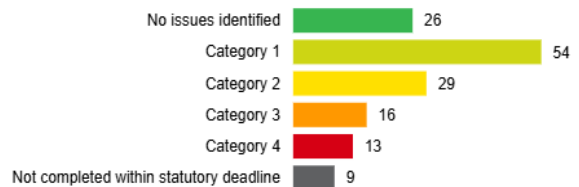
## Improvements in overall control environment

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



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

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



Source: OAG

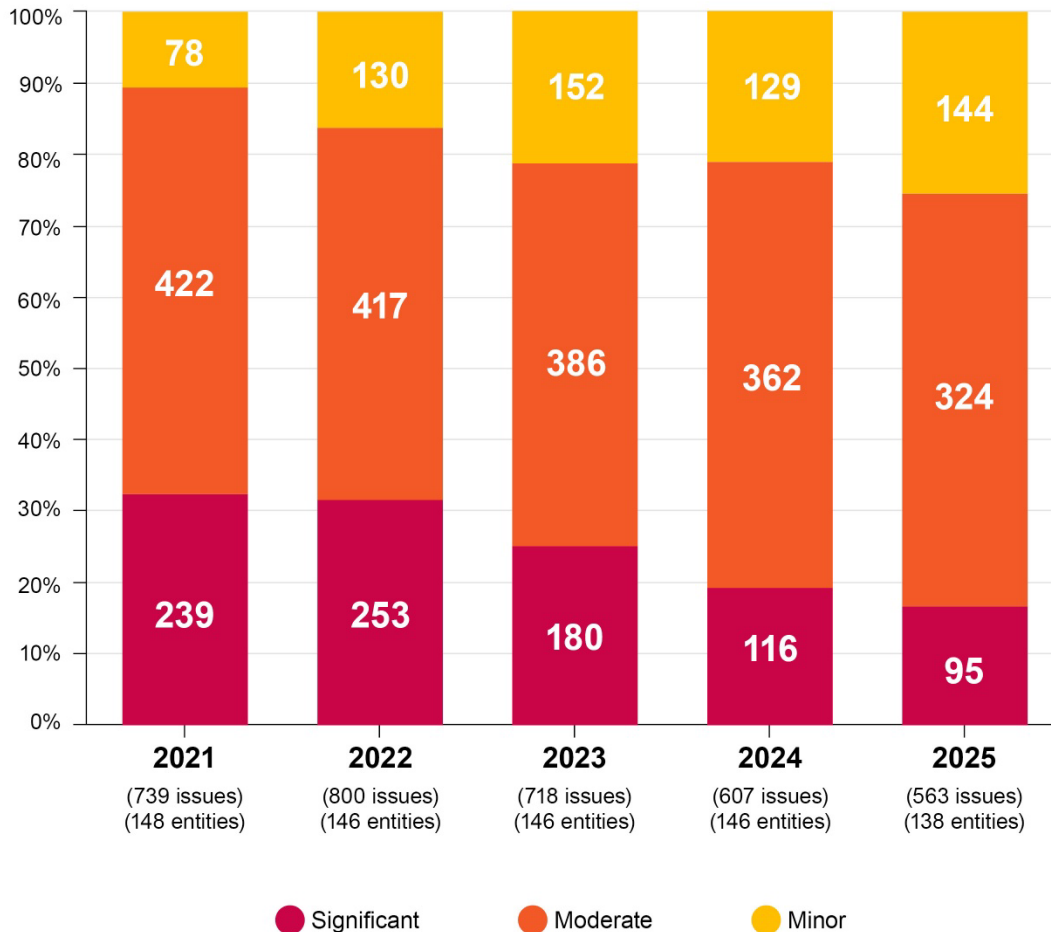
**Figure 5: Entities by financial management control rating category**

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

<sup>10</sup> Office of the Auditor General, [Local Government 2025 – Information Systems Audit Results report](#), OAG website, 25 March 2026.

## Financial management controls

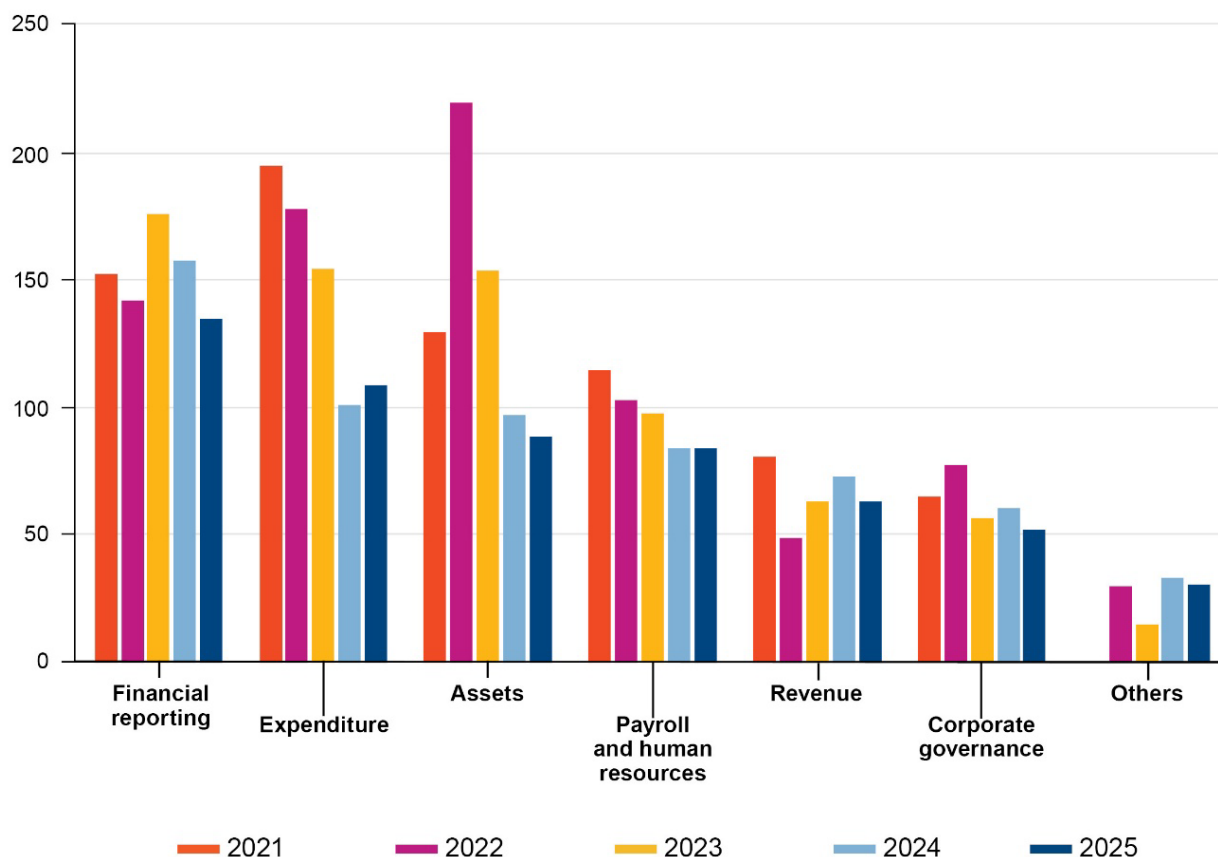
In 2025, management letter issues continued their downward trend, reducing from 607 in 2024 to 563. The number of entities with reported control weaknesses also decreased, from 130 in 2024 to 112 in 2025. The number of control weaknesses is expected to increase once the nine outstanding audits are finalised.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



Source: OAG

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

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



Source: OAG

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

### Financial reporting

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

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

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

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

## Expenditure

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

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

## Asset management

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

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

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<sup>11</sup> Office of the Auditor General, [Better practice guidance](#), OAG website, n.d., accessed 9 February 2026.

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

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

### Findings unresolved from prior year

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



Source: OAG

**Figure 8: Prior year issues per year**

Unresolved findings from prior years primarily relate to financial reporting, expenditure and asset management. These unresolved issues align with the underlying themes previously identified within this report, for each category. It is concerning that these matters remain

unresolved, as they continue to add to audit time and costs. Entities need to prioritise addressing these issues, particularly those rated as significant.

## Information system controls

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

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

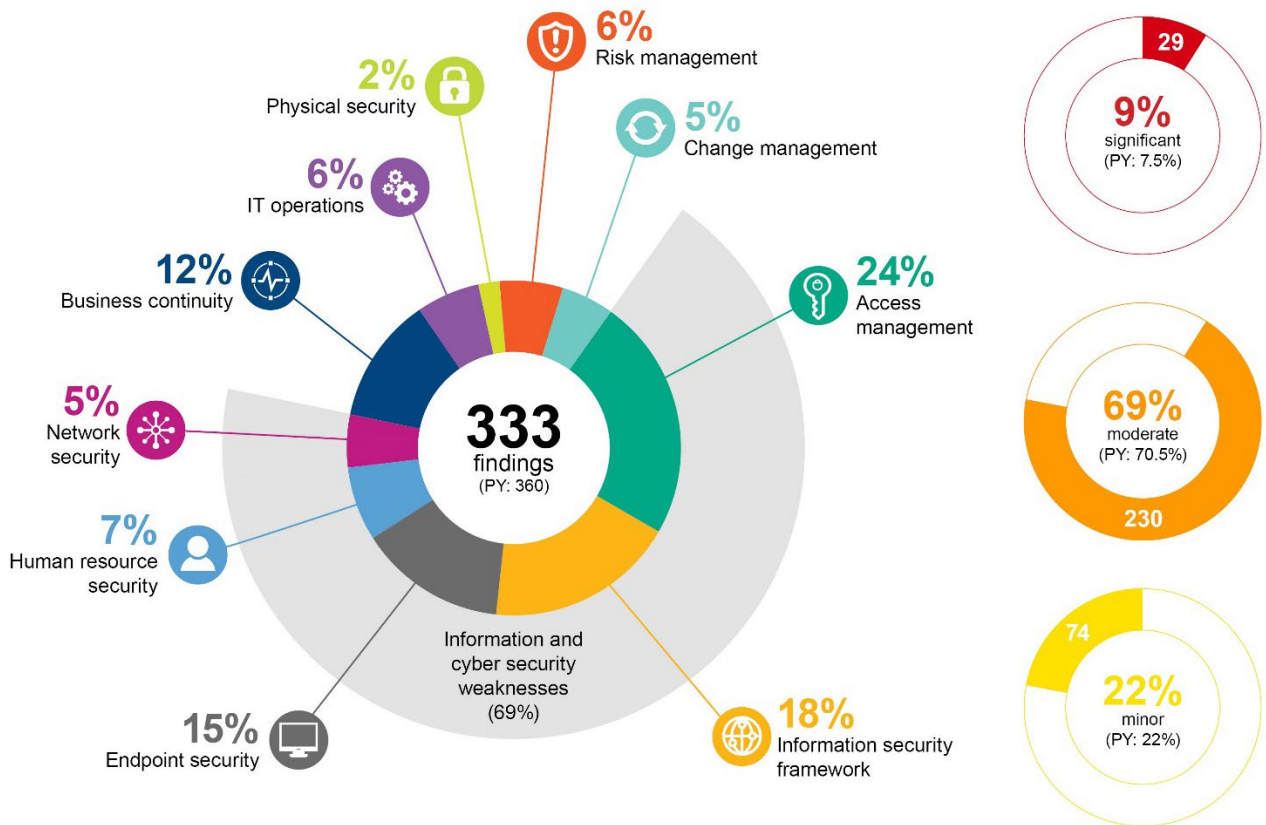
Entity controls in the following control categories showed significant weaknesses:

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

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

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

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



Source: OAG

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

# Improvement opportunities

## Financial health of local governments

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

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

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

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

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

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

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

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

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

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

financial sustainability. Further information on the methodology and application of the LGFI is available through the MyCouncil FAQs<sup>12</sup>.

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

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

### *Financial analysis*

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

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

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

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

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

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

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

<sup>12</sup> Government of Western Australia, *MyCouncil*, [mycouncil.wa.gov.au](http://mycouncil.wa.gov.au), n.d., 9 February 2026.

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

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

## Valuations

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

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

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

## Advocacy and reform

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

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

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<sup>13</sup> Prior period errors are increasing.

<sup>14</sup> Government of Western Australia, [Local Government Regulations Amendment Regulations \(No 4\) 2025](#), Western Australian Legislation, 17 Dec 2025, 9 February 2026.

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

## Governance expectations

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

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

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

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

## OAG insights and tips

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

### Streamline the audit process

Entities should:

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

### Better support for entities

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

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

### LGIRS response to 7 and 8:

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

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

broader monitoring and assurance framework and is assessed alongside audit outcomes, compliance activity and direct engagement, rather than in isolation.

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

### **Improve reporting and accounting for fixed assets**

Entities should:

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

### **Reduce financial report errors, versions and management letter findings**

Entities should:

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

LGIRS should:

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

#### **LGIRS response to 14:**

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

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

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

## Resources






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




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

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

- Government of Western Australia, *MyCouncil*, [mycouncil.wa.gov.au](http://mycouncil.wa.gov.au), n.d., 9 February 2026.
- Department of Local Government, Industry Regulation and Safety, *Financial policy and accounting*, [dlspsc.wa.gov.au](http://dlspsc.wa.gov.au), 5 March 2026, 9 February 2026.

























## Appendix 1: Status and timeliness of audits

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























































Financial report timeliness – audit ready submissions*	
Received financial report by statutory deadline of 30 September 2025 and assessed audit ready	
Received an extension from DLGSC to the statutory deadline and met this extension with audit ready financial report	
Extension or statutory deadline was not met with audit ready financial report	

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

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

	Entity	Band	Type of opinion	Opinion issued	Audit ready submission of financial report
1	Catalina Regional Council	Other		24/09/2025	
2	City of Albany	1		4/12/2025	
3	City of Armadale	1		12/12/2025	
4	City of Bayswater	1		1/12/2025	
5	City of Belmont	1		21/11/2025	
6	City of Bunbury	1		19/11/2025	
7	City of Busselton	1		19/11/2025	
8	City of Canning	1		3/12/2025	
9	City of Cockburn	1		26/11/2025	
10	City of Fremantle	1		3/12/2025	
11	City of Gosnells	1		5/12/2025	
12	City of Greater Geraldton	1		4/12/2025	

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

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

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

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

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

Source: OAG















### Opinion type by entity band allocations

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

Source: OAG

Notes: 2024 numbers included in brackets.

## Audits from prior years finalised in 2025

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

Source: OAG

\* These entities audits are also delayed for 2025 and were included in our *Status of Local Government Audits 2025 report*<sup>15</sup>

<sup>15</sup> Office of the Auditor General, [Status of Local Government Audits 2025](#), OAG website, 28 January 2026.

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

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

Source: LGIRS

## Appendix 3: Qualified and disclaimer of opinions

### 2025 qualifications

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

Source: OAG

### Delayed 2024 qualified and disclaimer of opinions

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

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

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

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

Source: OAG

## Appendix 4: Prior year qualifications and disclaimers removed in 2025

Entity	Details of prior year qualification
<b>Shire of Goomalling</b>	<p><b>Infrastructure</b></p> <p>The opinion in the prior year was qualified because infrastructure asset classes of roads, drainage and footpaths (as disclosed in note 8(a) of the financial report at 30 June 2023) with the carrying values of \$40,811,938, \$2,153,484 and \$770,060 respectively, had not been revalued as required by the regulations. The Shire was unable to correct these prior year figures in the current year. Consequently, the opinion on the current year financial report is also modified because of the possible effects of this matter on the comparability of the current period's figures and the corresponding figures.</p>
<b>Shire of Kent</b>	<p><b>Infrastructure</b></p> <p>The opinion in the prior year was qualified because other infrastructure assets (as disclosed in note 9(a) of the financial report at 30 June 2023) with a carrying value of \$4,867,091, had not been revalued as required by the regulations. The Shire was unable to correct these prior year figures in the current year. Consequently, the opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.</p>
<b>Shire of Nannup</b>	<p><b>Land and buildings and infrastructure</b></p> <p>The opinion in the prior year was qualified because land, buildings and infrastructure assets (disclosed in notes 8(a) and 9(a) of the financial report at 30 June 2023) with carrying values of \$1,615,000, \$8,737,435 and \$100,957,611 respectively, had not been revalued as required by the regulations. The Shire was unable to correct these prior year figures in the current year. Consequently, the opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.</p>
<b>Shire of Westonia</b>	<p><b>Infrastructure</b></p> <p>The opinion in the prior year was qualified because infrastructure assets (as disclosed in note 9(a) of the financial report at 30 June 2023) with a carrying value of \$43,562,879, had not been revalued as required by the regulations. The Shire was unable to correct these prior year figures in the current year. Consequently, the opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.</p>
<b>Shire of Wickepin</b>	<p><b>Infrastructure assets valuation</b></p> <p>The opinion in the prior year was qualified because infrastructure assets (as disclosed in note 7(a) of the financial report at 30 June 2023) reported at the carrying value of \$92,213,435, had not been revalued as required by the regulations. The Shire was unable to correct these prior year figures in the current year. Consequently, the opinion on the current year financial report is modified because of the possible effects of this matter on the comparability of the current period's figures and the corresponding figures.</p>
<b>Town of Port Hedland</b>	<p><b>Infrastructure assets valuations</b></p> <p>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</p>

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

Source: OAG

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

Source: OAG

## Appendix 5: Emphasis of matter paragraphs included in auditor reports

### 2025 emphasis of matter paragraphs

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

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

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

Source: OAG

## 2024 delayed emphasis of matter paragraphs

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

Entity	Description of EoM paragraphs
<b>City of Nedlands</b>	<b>Restatement of assets, liabilities and equity as at 1 July 2023</b> We draw attention to Note 29 of the financial report which states that historical errors in assets, liabilities and equity amounts reported have been corrected in opening balances as at 1 July 2023 in this financial report. Our opinion is not modified in respect of this matter.
<b>Town of Cottesloe</b>	<b>Restatement of Comparative balances</b> We draw attention to Note 30 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. Our opinion is not modified in respect of this matter.

Source: OAG

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

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

Entity	Description of MURGC paragraph
<b>Shire of Coolgardie</b>	<p><b>Material uncertainty related to going concern</b></p> <p>We draw attention to Note 1 in the financial report, which indicates that the Shire incurred a net loss of \$4,617,984 for the year ended 30 June 2024 and as of that date, the Shire's current liabilities exceeded its current assets by \$14,210,643 and the unrestricted cash balance was overdrawn by \$934,081. As stated in Note 1, these events, or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Shire's ability to continue as a going concern. The audit opinion is not modified in respect of this matter.</p>

Source: OAG

## Appendix 7: Local government certifications issued since September 2025

### Certifications issued for 2025

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

Source: OAG

### Outstanding certifications issued from 2021-22

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

Source: OAG

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

# Appendix 8: Other local government opinions issued since September 2025

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

Source: OAG

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

## Appendix 9: Local government current ratios for 2025

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

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

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

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

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

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

Source: OAG

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

### Average current ratio by band

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

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

Source: OAG

## Appendix 10: Other certifications issued since September 2025

### Certifications issued for 2025

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

Source: OAG

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

## Appendix 11: Other opinions issued since September 2025

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

Source: OAG

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

# Appendix 12: Opinion and management letter definitions

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

- **Clear opinion:** Indicates satisfactory financial controls. The financial report is based on proper accounts, complies with relevant legislation and accounting standards, and fairly represents performance and financial position.
- **Clear opinion with an EoM:** Draws attention to a matter disclosed in the financial report to aid the readers understanding but does not result in a qualified opinion.
- **Qualified opinion:** Given when the audit identifies materially misleading information, inadequate controls or conflicts with the financial reporting frameworks.
- **Disclaimer of opinion:** The most serious audit outcome, issued when the auditor is unable to form an opinion due to insufficient evidence to form an opinion after all reasonable efforts.

We report weaknesses in the control environment to the CEO, mayor, president or chairperson and the Minister for Local Government. Findings will be rated as significant, moderate or minor. We also indicate if the finding has the potential to impact the audit opinion and if it relates to the prior year and remains unresolved. Both quantitative and qualitative aspects guide our ratings.

Risk category	Audit impact	Management action required
<b>Significant</b>	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.
<b>Moderate</b>	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.
<b>Minor</b>	Those findings that are not of primary concern but still warrant action being taken.	Management to implement an action plan within six to 12 months to improve existing process or internal control.

Source: OAG

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

## Auditor General's 2025-26 reports

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

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