



The Council of the City of Cockburn

Audit Risk and Compliance Committee  
**Agenda Paper**

For Thursday, 28 September 2023

## The Council of the City Of Cockburn

### Audit Risk and Compliance Committee Meeting Thursday, 28 September 2023 at 6pm

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# The Council of the City of Cockburn

## Audit Risk and Compliance Committee Thursday, 28 September 2023 at 6pm

### Agenda

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#### **Committee Membership**

Cr K Allen (Presiding Member)

Deputy Mayor T Widenbar

Cr P Corke

Cr T Dewan

Cr M Separovich

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#### **1. Declaration Of Meeting**

“Kaya, Wanju Wadjuk Budjar” which means “Hello, Welcome to Wadjuk Land”.

The Presiding Member will acknowledge the Nyungar People who are the traditional custodians of the land on which the meeting is being held and pay respect to the Elders of the Nyungar Nation, both past and present and extend that respect to Indigenous Australians present.

#### **2. Appointment of Presiding Member (If required)**

#### **3. Disclaimer (To be read aloud by Presiding Member)**

Members of the public, who attend Council Meetings, should not act immediately on anything they hear at the Meetings, without first seeking clarification of Council's position.

Persons are advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

#### **4. Acknowledgement of receipt of Written Declarations of Financial Interests and Conflict of Interest (by Presiding Member)**

#### **5. Apologies & Leave of Absence**

Ms V Green, Executive Corporate Affairs - Apology

---

**6. Public Question Time**

**7. Confirmation of Minutes**

**7.1 Minutes of the Audit Risk and Compliance Meeting - 27/7/2023**

**Recommendation**

That Committee confirms the Minutes of the Audit Risk and Compliance Meeting held on Thursday, 27 July 2023 as a true and accurate record.

**8. Deputations**

**9. Business Left Over from Previous Meeting (if adjourned)**

Nil

**10. Declaration by Members who have Not Given Due Consideration to Matters Contained in the Business Paper Presented before the Meeting**

## 11 Reports - CEO (and Delegates)

### 11.1 Finance

#### 11.1.1 Financial Audit Results – Local Government 2021-22 (Office of the Auditor General)

**Responsible Executive** Chief Financial Officer

**Author** A/Head of Finance

**Attachments** 1. Financial Audit Results - Local Government 2021-22



#### **Recommendation**

The Committee recommends Council:

- (1) RECEIVES the Office of the Auditor General's report on Financial Audit Results – Local Government 2021-22.

#### **Background**

Responsibility for the financial audits of all local governments sits with the Office of the Auditor General (OAG) following a four-year transition period completed last year.

In accordance with legislative requirements, the OAG presents a report to Parliament each year on the results of the local government financial audits, including issues that are significant enough to bring to the attention of the Parliament.

The Auditor General encourages local governments to review these audit findings and consider the recommendations made to support continuous improvement of their operating environments and governance frameworks.

This report is brought to the Audit, Risk and Compliance Committee for review and to address the recommendations made by the OAG.

#### **Submission**

N/A

#### **Report**

The Financial Audit Results – Local Government 2021-22 (report) was tabled in Parliament by the Auditor General on 23 August 2023.

This report included the results and issues identified during the annual audits for 146 of the applicable 148 local government entities (including 16 remaining audits from 2020-21).

Of the 148 local government entities, only 20 are directly audited by OAG staff, with the remaining 128 entities audited by contracted audit firms.

The City's audit continues to be contracted out to KPMG, with a two-year extension last year covering up to the 2022-23 financial year.

A concern raised by the Auditor General was the timeliness and cost of delays, with 39% of local governments not meeting the legislated deadline of 31 December for their audit reports.

The Auditor General also highlighted the increase in financial management and information system control weaknesses within local government for 2021-22, mirroring results from the State government sector.

This has resulted in an increase in significant findings and modified opinions for local governments.

Audit opinions issued by the OAG can be one of the following:

- **Clear** – this indicates satisfactory financial controls and that the financial report is based on proper accounts, presented fairly, complies with relevant legislation and applicable accounting standards, and fairly represents performance during the year and the financial position at year end
- **Clear with an emphasis of matter** – this brings attention to a matter disclosed in the entity's financial report but is not significant enough to warrant a qualified opinion
- **Qualified** – these opinions are given when the audit identifies that the financial report is likely to be misleading to users, controls were inadequate or there was a material conflict with applicable financial reporting frameworks
- **Disclaimer of opinion** – issued when the auditor is unable to form an opinion due to insufficient evidence being available. This is the most serious audit opinion and is only issued after we have exhausted our efforts to achieve the desired audit objectives.

For the 2021-22 financial year, the City of Cockburn received a **Clear** audit opinion from the Auditor General.

Audit year	2017-18	2018-19	2019-20	2020-21	2021-22
Number of entities subject to OAG audit	46	112	132	148	148
Clear (unqualified) audit opinions	44	107	129	142 (130)	136**
Qualified opinions	2	5	1	3 (2)	10**
Disclaimers of opinion	0	0	2	3 (0)	0**
Material matters of non-compliance	36	93	101	262 (193)	N/A*
Management control issues	198	802	704	739 (601)	880**

Source: OAG

\* Material matters of non-compliance were not required to be reported in 2021-22.

\*\* Two 2021-22 audits are ongoing and therefore these results are for 146 entities only.

Note: Number in brackets indicate previous year reporting. Unbracketed numbers include the 16 entities which were outstanding at the time of tabling the 2021 report.

Management control weaknesses (880 issues) were up by 141 compared to 739 in 2020-21. A total of 265 control weaknesses identified in 2021-22 were unresolved issues from the prior year.

The OAG report shows a slightly increasing trend in the number of management control issues reported across the sector.

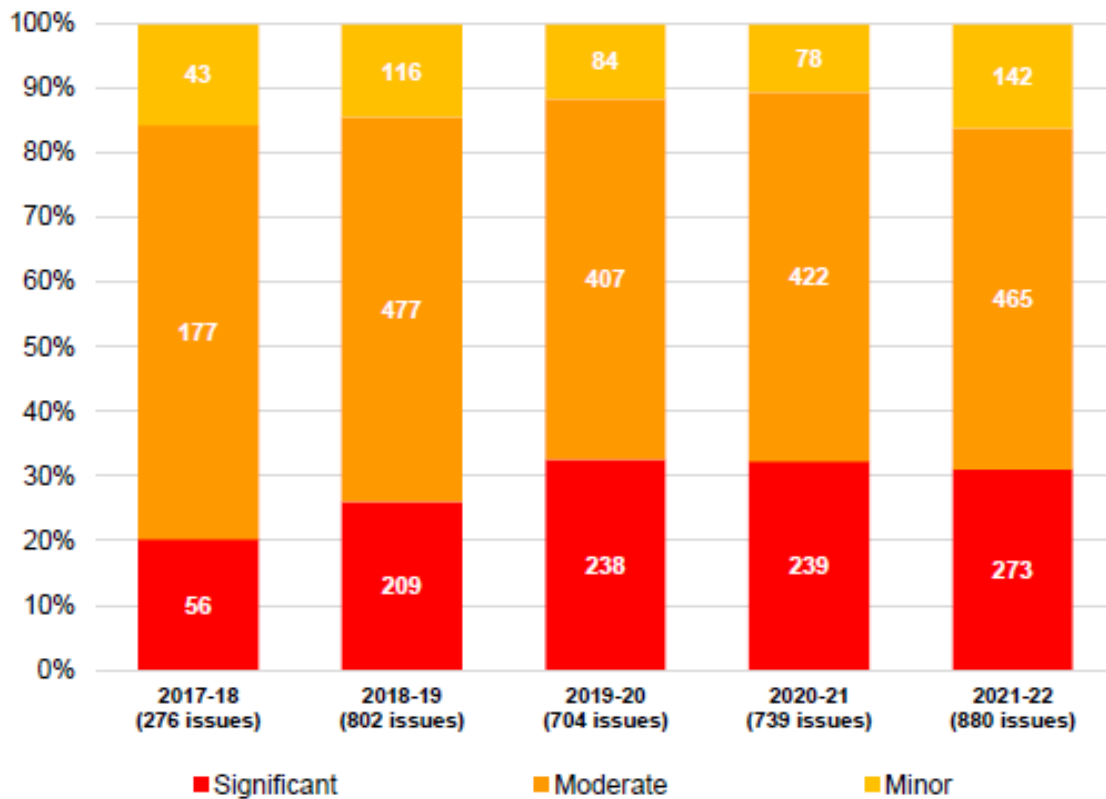
A total of 880 from 146 entities were reported in 2021-22 (average of 6.0) versus 704 from 132 entities in 2019-20 (average of 5.3).

The City only had two issues reported in its management letter for 2021-22 (same number as prior year).

Of the 880 control weaknesses reported by the OAG, 273 (31%) of these were categorised as potentially significant risks.

Importantly, the City’s two control weaknesses for 2021-22 were rated as moderate (1) and minor (1), compared to two moderate rated issues the previous year.

Both issues have since been addressed in 2022-23.



Source: OAG

Note: 2017-18 data excludes 14 information systems issues.

Figure 2: Proportion of control weaknesses reported to management in each risk category and comparative ratings of the control weaknesses

Although not required to be reported for 2021-22, the OAG made no findings of material matters of non-compliance during the City's audit (same result as previous year).

This is the first year the OAG has recognised local government entities who demonstrate best practice in financial reporting and financial controls, though they have been reporting on this for the State and tertiary sectors for many years. The quality of financial reporting is measured against the following assessment criteria:

- timeliness of financial statements
- quality of financial statements and notes
- quality of working papers
- management resolution of accounting standards and presentation issues
- availability of key staff during the audit process.

Twenty local government entities were named in the inaugural best practice list, with regional shires making up 14 of these. Only two metropolitan local governments made the list (Cities of Melville and Swan).

The OAG report clearly demonstrates the City achieved an excellent audit result for 2021-22 through receiving a clear audit opinion, satisfaction of financial statement timeliness requirements, and the financial statements being assessed by the OAG as audit ready.

The City's audit opinion was also issued on a timely basis (9 December 2022) and the City's good result further supported by the very low number (and rating) of control issues identified.

Although the City's excellent audit result for the 2021-22 financial year is meritorious, it will continue striving for recognition from the OAG in best practice financial reporting and audit. Better use of the OAG developed better practice guide and audit readiness tools will be made to improve our performance.

The OAG made two specific mentions of the City of Cockburn in their report to Parliament. One highlighted the 23% increase in the total value of infrastructure assets primarily due to increases in unit rates, as well as growth in the asset base.

While a significant increase, this did not reflect any adverse or non-compliance audit finding. Rather, it represented the inflationary conditions being experienced.

The City will continue monitoring its internal unit rates, guided by available market evidence and the economic environment.

The other mention of the City in the OAG report related to a 33% increase in its fees and charges revenue due to a significant increase in landfill fees (83% increase in waste accepted).

This also caused other expenditure to rise by 57% due to the increased landfill levy on the waste accepted.

This also was not an adverse finding, rather just highlighting significant items within the sector's financial reporting for the year.



OAG Recommendations

The recommendations made by the OAG in their report are summarised in the table below with responding comments made by the City:

Recommendation	City Comment
<p>1. We again encourage entities to make use of OAG better practice guidance to improve quality and efficiency in annual financial reporting and assurance, including our:</p> <ul style="list-style-type: none"> <li>a. Western Australian Public Sector Financial Statements – Better Practice Guide</li> <li>b. Audit Readiness – Better Practice Guide, with online tools available at <a href="http://audit.wa.gov.au">audit.wa.gov.au</a>. Particularly Tool 16: Financial report checklist – Local government which provides an overall quality assurance checklist that is useful to local government entities prior to submitting financial statements for audit (page 23).</li> </ul>	<p>City officers previously attended an awareness session for the release of the guide and utilise aspects on a fit for purpose basis.</p> <p>The City will ensure to refer to these guides in all future financial reporting and assurance processes to improve its audit performance and enhance its chances of being recognised as a best practice entity by the OAG.</p>
<p>2. Local government entities should ensure the integrity of their financial control environment is maintained by:</p> <ul style="list-style-type: none"> <li>a. ensuring control weaknesses identified by audit and other review mechanisms are addressed promptly</li> <li>b. creating a culture of compliance with systems of control being regularly reviewed</li> <li>c. regularly reviewing and updating all financial, asset, human resources, governance, information systems and other management policies and procedures. These should be communicated to staff with effective training programs implemented to support understanding of these</li> <li>d. conducting reviews and assurance engagement to improve systems of internal control in line with periodic risk assessments</li> <li>e. maintain currency with new and revised accounting standards for their</li> </ul>	<ul style="list-style-type: none"> <li>a. City concurs with this recommendation and its track record in addressing previous recommendations demonstrates commitment.</li> <li>b. The LG annual compliance return, and audit check of responses serves this purpose.</li> <li>c. These activities are business as usual for the City.</li> <li>d. Internal controls are regularly assessed through management oversight, updating of risk registers, and financial systems improvements. These are also reviewed during Financial Management Reviews carried out every three years for the CEO.</li> <li>e. The City works closely with its auditor to ensure revised accounting standard requirements are properly applied in the financial statements.</li> </ul>

Recommendation	City Comment
<p>impact on financial operations in order to prepare a compliant financial report at year end (page 30).</p>	
<p>3. We encourage entities to use the case studies and recommendations in our Information Systems Audit – Local Government 2021-22 to assess and enhance general computer controls within entities information system environments (page 31).</p>	<p>City concurs with recommendation.</p> <p>The City presented this audit report to the Sep-2022 ARC meeting and addressed all of the recommendations with actions undertaken or proposed.</p>
<p>4. The DLGSC should provide guidance to assist entities with understanding the requirements of and interpreting the Australian Accounting Standards Board (AASB) accounting requirements to ensure greater accounting consistency across the sector, including application of AASB 13 Fair Value Measurement (page 32).</p>	<p>City concurs with recommendation.</p> <p>We note the DLGSC has now issued model financial statements that will assist local governments have greater consistency in applying applicable AASB's, including AASB 13.</p> <p>The City looks forward to proposed amendments by the DLGSC to the LG (Financial Management) Regs, which aim to reduce the current complexity regarding fair value measurement.</p>
<p>5. The DLGSC should consider environmental, social and governance reporting requirements as applicable and provide clarity to the local government sector for future reporting purposes (page 38).</p>	<p>City concurs with recommendation.</p> <p>We will look forward for further guidance on this matter from the DLGSC for future reporting requirements.</p>
<p>6. The DLGSC should continue to work with local government stakeholders to ensure regulatory reform and support model financial accounts to ensure they remain relevant and appropriate for the sector for the 2023-24 financial year and beyond. Any learnings or further amendments that may be needed should be well considered and promptly applied (page 40).</p>	<p>City concurs with recommendation.</p> <p>The model template has been provided and utilised by the City for the 2022-23 financial year.</p> <p>This will assist greater consistency of financial reporting within the sector and needs to be updated and maintained in future to ensure relevancy.</p>

## Strategic Plans/Policy Implications

### Listening & Leading

A community focused, sustainable, accountable, and progressive organisation.

- Best practice Governance, partnerships and value for money.

**Budget/Financial Implications**

N/A

**Legal Implications**

N/A

**Community Consultation**

N/A

**Risk Management Implications**

Reviewing the findings and recommendations contained in the OAG's report into Local Government financial audits each year provides an opportunity for the City to reduce financial management and reporting risks and improve its management controls and governance frameworks.

**Advice to Proponent(s)/Submitters**

N/A

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

Nil



Report 3: 2023-24 | 23 August 2023

FINANCIAL AUDIT RESULTS

# Local Government 2021-22



Office of the Auditor General  
Western Australia

**Audit team:**

Grant Robinson  
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Financial Audit teams  
Information System audit team

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.***

Image credit: trabantos/shutterstock.com

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

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**Financial Audit Results –  
Local Government 2021-22**

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Report 3: 2023-24  
23 August 2023

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**THE PRESIDENT  
LEGISLATIVE COUNCIL**

**THE SPEAKER  
LEGISLATIVE ASSEMBLY**

**FINANCIAL AUDIT RESULTS – LOCAL GOVERNMENT 2021-22**

Under section 24 of the *Auditor General Act 2006*, this report summarises the final results of our annual audits of 146 of 148 local government entities for the year ended 30 June 2022 and the 16 remaining audits from 30 June 2021.

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  
23 August 2023



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## Auditor General's overview

This report summarises the results of our annual audits of 146 of 148 local government entities for the year ended 30 June 2022 and the 16 remaining audits from 30 June 2021.

For the 2021-22 audit cycle, the increase in financial management and information system control weaknesses we noted in the State government sector was also mirrored in the local government sector, resulting in an increase in significant findings and modified opinions.



Timeliness, and the cost of delays, also remain a concern. While more entities received their audit opinions by the legislated deadline than in 2021, the improvement was marginal, with 39% not finalised by the end of December 2022. By 31 March this year, more than a quarter of local government entities still had not finalised their financial reports to an acceptable standard or provided all relevant information. Timely financial reporting is important for accountability and transparency to stakeholders.

I made the decision to impose a hard line, requiring entities to complete their financial reports, and us their audits, by 18 April. This gave entities one final chance to provide us with the necessary information before receiving an audit opinion, and many responded positively. Even though this resulted in additional qualified opinions, it was a truer reflection of the state of the local government sector and allowed us all to move on from the 2022 year.

Where financial statements and supporting documents and systems are well organised, the audit process can be efficient, reducing time and cost to the entity and ratepayers. But too often we find incomplete information, reconciliations not performed, problems not addressed and staff unavailable or inexperienced. This results in delays and higher costs to both the entity and the auditors as remedial work that could have been avoided by good practices and preparation becomes, instead, part of the audit process.

We expect all entities to have their financial statements completed and audited by the end of December of the relevant audit cycle. To help them, we recently issued a better practice guide on audit readiness and published an Audit Readiness Tool on our website to assist public entities avoid delays and modified opinions. The Department of Local Government, Sport and Cultural Industries has also engaged tangibly with financial accountability issues, including by releasing model financial statements that work with new regulations gazetted on 30 June 2023 to support appropriately reduced reporting for some entities. I expect these initiatives to have a positive impact on the next audit cycle.

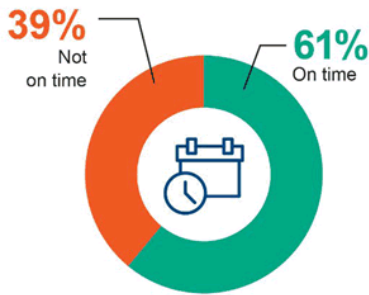
Our engagement with the sector is not all one way. We value feedback on our work and I have appreciated the opportunity to discuss, with both Local Government Professionals WA and the Western Australian Local Government Association, the outcomes of their 2022 survey of the sector. We welcome the feedback around timing and the resource effort required for audits and the resulting cost impacts as well as the positive feedback from many local government entities who understand the benefit of a robust audit process.

This is also the first year we have recognised and reported on the top 20 local government entities achieving best practice for 2021-22. I congratulate these entities for their commitment to timely and quality financial reporting to their communities. I particularly acknowledge and commend the number of regional shires that have made this inaugural list, given the extent of resource and labour constraints that can disproportionately affect our regions.

Finally, I want to recognise my hardworking staff, our contract audit firms and staff in the audited entities. Thank you for your dedication to the 2022 audit process. Your professionalism and cooperation in working through challenges to complete the audits is appreciated. With a continued focus of working together, I am confident we can create a smoother, more efficient and timely audit process for the benefit of all for 2023 and beyond.

## 2021-22 financial audits at a glance

### Auditing local government



Audits completed by 31 December

**148** local government entities

**146** audits finalised and the results included in this report

**20** entities audited by OAG staff

**128** entities audited by contracted audit firms

The 146 entities with finalised audits had: **\$51 billion** of total reported assets

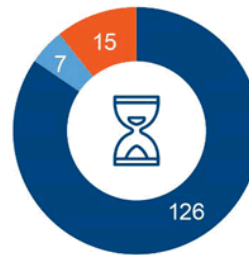
**\$4.76 billion** in total operating revenue  
**\$2.8 billion** in rates  
**\$1.16 billion** in fees and charges

### Timeliness of financial reports

(page 41)

#### Timeliness of original submission (unaudited)

- Submitted to OAG by 30 September
- Received an extension and met deadline
- Did not meet 30 September or extension deadline



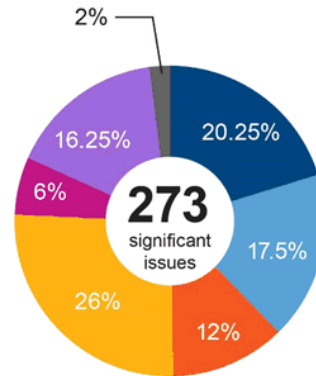
### Audit results

<b>10</b> qualified opinions (page 15)	<b>1</b> going concern (page 17)	<b>2</b> opinions outstanding (page 15)	<b>880</b> management control issues (page 25)
<b>135</b> clear opinions (page 17)	<b>17</b> emphasis of matter (page 17)	<b>224</b> certifications (page 17)	<b>334</b> information system control weaknesses (page 31)

**880** management control issues  
(page 25)

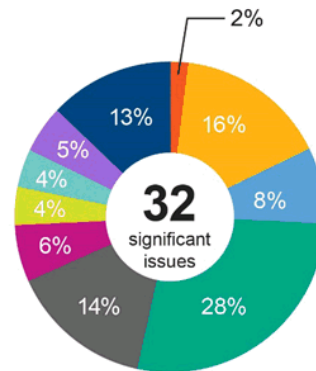
During 2021-22, we alerted 137 entities to control weaknesses that needed their attention. Two hundred and seventy-three were rated as significant, 465 moderate and 142 minor.

- Expenditure
- Accounting procedure
- Payroll and human resources
- Asset management
- Revenue
- Governance
- Other



**334** information system control weaknesses  
(page 31)

- Risk management
- Information security framework
- Human resource security
- Access management
- Endpoint security
- Network security
- Physical security
- Change management
- IT operations
- Business continuity



Issues impacting entity reporting



Valuation of assets  
(page 32)



Reconciliations  
(page 33)



Approval and support of journals  
(page 33)



Key financial transactions that required additional audit effort  
(page 34)



Other changes to accounting standards  
(page 35)

## Executive summary

### Review of the 2021-22 financial year

The 2021-22 financial year continued to see financial reporting challenges across the local government sector. Our audits continue to bring greater rigour, scrutiny and sector wide improvements, with many local government entities responding positively to these challenges.

This is the first year that we are recognising the entities who have demonstrated best practice in financial reporting in the sector. This recognition is consistent with what we report for the State and tertiary sectors. Our best practice assessment criteria include:

- good quality financial reports submitted for audit within the agreed timeframe and supported by reliable working papers
- management resolution of accounting standards and presentation issues
- availability of key staff during the audit process.

Top entities recognised for the 2021-22 financial year, outlined at page 22 are to be congratulated for their efforts and this achievement.

### Outstanding issues

We continue to work with local government entities to improve timeliness and audit quality, and are pleased to report that slightly more local government entities received their audit report by the end of December 2022 (61%) in accordance with regulatory requirements than in the previous year (58%). However, these improvements are slower and less than our office and entities would like or need.

Audit year	2017-18	2018-19	2019-20	2020-21	2021-22
Number of entities subject to OAG audit	46	112	132	148	148
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Source: OAG

\* Material matters of non-compliance were not required to be reported in 2021-22.

\*\* Two 2021-22 audits are ongoing and therefore these results are for 146 entities only.

Note: Number in brackets indicate previous year reporting. Unbracketed numbers include the 16 entities which were outstanding at the time of tabling the 2021 report.

**Table 1: Audit results for the past five years**

The users of financial statements, including ratepayers, deserve and have a right to expect their local government entities to acquit their financial responsibility in a timely manner and in accordance with regulatory requirements. Timely reporting is essential, as it should be

informing rate-setting and other budgetary aspects amongst other matters, as well as ensuring accountability of the entity, its executive and councillors.

This year we drew a line in the sand with the 41 outstanding local government financial audits that had not been completed by 31 March 2023, notifying them of one last chance to provide us with the necessary information before we issued our audit opinion. Many of these remaining entities had:

- outstanding valuations for property, plant and equipment
- poor record keeping practices that delayed providing information for audit
- staff turnover of experienced finance staff during crucial times in the financial year or key staff not available to respond to audit queries either due to leave or competing operational requirements.
- numerous errors in financial statements and disclosure requirements outstanding or not being met
- key reconciliations remaining outstanding
- not responded to our queries as timely as necessary.

The hard line initiative was taken to improve timeliness, with a deadline of 18 April 2023 introduced to stem further delays in financial reporting and refocus entities' and our Office's attention to closing out the 30 June 2022 audit cycle so we could all move on. Twenty-five entities were able to close out their financial reporting obligations, with 16 entities remaining outstanding at the designated date, with that number now whittled down to two.

It is clear from this data that the dedicated effort on implementing the hard line resulted in improved financial reporting timeliness. It is also clear that there is now greater awareness and understanding by local government entities of the rigour demanded in our audits. Where there is greater willingness to engage with the audit process, this is translating to more timely financial reporting. We all have a role to play in seeing improvement in the quality and timeliness of financial reporting and assurance. We have seen the sector reflect on the need to improve timely transparency and discharge governance duties, and we support the sector's willingness to adopt better practice.

To ensure timely and accurate financial reports it is important that management in each reporting entity keeps proper accounts and records. Management should perform appropriate oversight reviews of systems and processes throughout the financial year.

To assist all public entities in this regard, we have prepared an *Audit Readiness – Better Practice Guide*, which is also available online on our website. This is in addition to our other better practice guides on preparing financial statements and audit committees, among others. We strongly encourage entities to access and use these guides.

### Where to from here

There is still a journey ahead, but we are committed to working with entities, the Department of Local Government, Sport and Cultural Industries (DLGSC) and sector associations towards improvement in the sector, and in our own processes, to aid timely reporting to the community and Parliament.

We have advocated for, and supported, regulatory reform initiatives by the DLGSC and welcome the introduction of model financial statements and regulatory amendments gazetted on 30 June 2023 allowing tiered reporting across the sector. This is a further step in providing relief to smaller local government entities by allowing reduced disclosure for



entities classified as Class 3 and 4. The changes apply to the year ended 30 June 2023 and onwards, allowing entities to focus their reporting on areas of importance.

For the 30 June 2023 audit cycle, we have asked entities across the public sector, including local government entities, to provide a signed set of financial statements to the auditors before the final audit begins. This is to ensure the entity has performed its own internal quality review of the financial statements and formally recognises that their financial statements are complete and ready for audit. We expect local government entities to meet their legislative requirements and have their audit opinions signed prior to the end of December. We are committed to doing our bit to ensure this occurs.

We continue to advocate for clarity on measurement of fair value of land, buildings and infrastructure assets by the DLGSC. Differing assumptions underlying the valuation of these assets make results hard to compare and have significant time and cost implications for the sector, including the OAG. We also recognise that, despite best efforts by many local government entities, securing a valuation expert has been challenging in the current market.

For 2021-22, OAG staff performed 20 audits in-house, with the other 128 performed by contract audit firms on our behalf. We expect to increase the number of in-house audits over time. However, a large proportion will continue to be performed by our accredited contract audit firms. These are periodically re-tendered to provide open and fair competition and to ensure value for money. Like many professional services, our costs have increased and, as a cost recovery agency, we have little choice but to pass these on. The measures we have outlined above to improve the quality of financial reporting, should improve the efficiency, and therefore contain the cost, of assurance over time.

## Introduction

This report contains findings from our 2021-22 financial audits of the local government sector. It includes the results for 146 of the 148 entities (Appendix 1), with the remaining two entities' results to be tabled in Parliament once their audits are completed. This report also includes the results of the 16 local government audits that were outstanding from the 2020-21 year at the time that year's results report<sup>1</sup> was issued (Appendix 8).

Our annual financial audits focus on providing assurance over an entity's financial report. The Auditor General provides an opinion on the report which can be:

- clear – this indicates satisfactory financial controls and that the financial report is based on proper accounts, presented fairly, complies with relevant legislation and applicable accounting standards, and fairly represents performance during the year and the financial position at year end
- clear with an emphasis of matter – this brings attention to a matter disclosed in the entity's financial report, but which is not significant enough to warrant a qualified opinion
- qualified – these opinions are given when the audit identifies that the financial report is likely to be misleading to users, controls were inadequate or there was a material conflict with applicable financial reporting frameworks
- disclaimer of opinion – issued when the auditor is unable to form an opinion due to insufficient evidence being available. This is the most serious audit opinion and is only issued after we have exhausted our efforts to achieve the desired audit objectives.

<sup>1</sup> Office of the Auditor General, [Financial Audit Results - Local Government 2020-21](#), OAG website, 17 August 2022, accessed 21 August 2023.

During an audit we also make recommendations to entities on relevant matters of compliance, financial management and information system controls. A summary of our findings is included in this report.

Also included are matters we have noted which have or may impact an entity's financial report. This year this includes complexities encountered on the valuation of assets, timely completion of reconciliations, approval and support for journals and ongoing matters on how entities account for the rehabilitation of landfill sites.

The appendices include other opinions and certifications issued for the State, local government and tertiary education sectors since our most recent results report<sup>2</sup>.

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<sup>2</sup> Office of Auditor General, [Financial Audit Results – State Government 2021-22 – Part 3: Final Results](#), OAG website, 30 June 2023, accessed 21 August 2023.

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## Recommendations

1. We again encourage entities to make use of OAG better practice guidance to improve quality and efficiency in annual financial reporting and assurance, including our:
  - a. *Western Australian Public Sector Financial Statements – Better Practice Guide*
  - b. *Audit Readiness – Better Practice Guide*, with online tools available at [audit.wa.gov.au](http://audit.wa.gov.au). Particularly Tool 16: Financial report checklist – Local government which provides an overall quality assurance checklist that is useful to local government entities prior to submitting financial statements for audit (page 23).
2. Local government entities should ensure the integrity of their financial control environment is maintained by:
  - a. ensuring control weaknesses identified by audit and other review mechanisms are addressed promptly
  - b. creating a culture of compliance with systems of control being regularly reviewed
  - c. regularly reviewing and updating all financial, asset, human resources, governance, information systems and other management policies and procedures. These should be communicated to staff with effective training programs implemented to support understanding of these
  - d. conducting reviews and assurance engagement to improve systems of internal control in line with periodic risk assessments
  - e. maintain currency with new and revised accounting standards for their impact on financial operations in order to prepare a compliant financial report at year end (page 30).
3. We encourage entities to use the case studies and recommendations in our *Information Systems Audit – Local Government 2021-22* to assess and enhance general computer controls within entities information system environments (page 31).
4. The DLGSC should provide guidance to assist entities with understanding the requirements of and interpreting the Australian Accounting Standards Board (AASB) accounting requirements to ensure greater accounting consistency across the sector, including application of AASB 13 *Fair Value Measurement* (page 32).
5. The DLGSC should consider environmental, social and governance reporting requirements as applicable and provide clarity to the local government sector for future reporting purposes (page 38).
6. The DLGSC should continue to work with local government stakeholders to ensure regulatory reform and support model financial accounts to ensure they remain relevant and appropriate for the sector for the 2023-24 financial year and beyond. Any learnings or further amendments that may be needed should be well considered and promptly applied (page 40).

## Summary of audit opinions

For the financial year ending 30 June 2022 we issued clear auditor's reports for 136 entities by 30 June 2023. Ten audit opinions were qualified, while we included emphasis of matter paragraphs in the audit reports of 17 entities.

The auditor's report includes:

- the audit opinion on the annual financial report and
- other matters the auditors deem necessary to highlight.

Under the *Local Government Act 1995*, an entity's chief executive officer (CEO) is required to publish its annual report, including the audited financial report and the auditor's report, on the entity's website within 14 days of the annual report being accepted by the entity's council. Appendix 1 outlines the date we issued each entity's 2021-22 auditor's report.

We also finalised the 2020-21 auditor's report for 16 entities. This included three disclaimers of opinion (Appendix 2). Two of these, the Shire of Wiluna and the Shire of Yalgoo, were reported last year. This year we also issued a disclaimer of opinion for the Shire of Toodyay for 2020-21. There were no disclaimers of opinion for 2021-22 (noting, however, that there are still two entities to finalise their 2021-22 financial statements).

## Ten qualified audit opinions for 2021-22

In 2021-22, 10 entities received a qualified audit opinion (Appendix 3), an increase from the three qualifications the previous year. This is equally reflected in a decrease in the total number of clear opinions from 142 to 136 even though more audits have been finalised in a slightly timelier manner – a likely consequence of the ongoing resourcing constraints experienced throughout the sector and the state of record keeping.

We issue a qualified opinion in our auditor's report if we consider it necessary to alert readers to material inaccuracies or limitations in the entity's financial report that could mislead readers.

Matters resulting in audit qualifications in 2021-22 primarily concerned asset valuations (eight out of 10 qualified opinions). These included either failure to revalue assets as required by Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 for a number of years, or failure to do so regularly enough. This meant we as auditors could not verify asset values sufficiently and were unable to determine if there may be any consequential impact on the financial statements. In one case, an entity's management indicated that there were gaps in their control processes and they were not confident with the overall completeness of their fixed asset register.

## Audits in progress

The two audits still being finalised for 2021-22, the Shire of Toodyay and Shire of Yalgoo, may result in modified opinions. Generally, audits in progress relate to entities:

- having more significant or complex issues to be resolved from a financial reporting and auditing perspective
- not having the in-house expertise needed to adequately manage their financial reporting.

While some entities collaborate and seek help to overcome these issues, this is often informal, ad-hoc and not as timely as we would prefer.

### Non-accredited valuation contractors and their impact on local government financial reporting

As was the case last year, a recurring theme of local government audit qualifications is problems with asset valuations. Certain valuation contractors currently engaged by local government entities may not possess the necessary valuer accreditation for conducting valuations for financial reporting purposes. This raises concerns about the accuracy and reliability of valuations.

Valuer accreditation serves as a vital benchmark of competence and expertise in the valuation process. It helps ensure that professionals possess the required skills, knowledge and ethical standards to conduct valuations accurately and in accordance with Australian Accounting Standards and local government regulations. By employing non-accredited valuation contractors, local government entities run the risk of compromised valuations, inaccuracies in financial reporting and increased challenges during audits. These issues may result in serious consequences, including reputational damage, financial discrepancies and potential legal ramifications.

To safeguard the integrity of financial reporting, we join the DLGSC in encouraging local government entities to undertake the following steps:

1. review all valuation contractors currently engaged by your entity
2. verify each contractor possesses appropriate valuer accreditation
3. consider implementing a formal policy requiring valuer accreditation as a prerequisite for engaging valuation contractors in the future. Also, consider including a requirement that the valuer should state in their valuation report that the valuation is in accordance with Australian Accounting Standards, for financial reporting purposes and relevant local government regulations
4. communicate the importance of accreditation to all relevant stakeholders, emphasising its impact on financial reporting, auditing processes and the overall transparency of the sector.

Furthermore, we are very pleased that in July 2023, DLGSC issued guidance for fair value measurement of non-financial assets for local governments. To achieve greater consistency across local governments, DLGSC's advice is that land should be valued using the market approach in AASB 13 *Fair Value Measurement*, plus, if the land has any public sector restrictions (including from current use for community purposes) over it, the restrictions must be considered when valuing the land. This should help overcome problems that our Office has previously identified with wildly fluctuating valuations provided by different valuers either taking or not taking restrictions into account, whether that be at the next valuation interval or for jointly-owned assets.<sup>3</sup>

We understand the DLGSC is presently considering further regulatory reform which is intended to substantially improve the current scenario. If such changes are introduced, it is anticipated they will yield substantial long-term benefits, ensuring the accuracy and comparability of financial information and minimise risks associated with audits.

Where valuers are accredited but do not state that their valuation is in accordance with Australian Accounting Standards, the local government entity should ensure there is a review undertaken by an experienced professional (in-house or external of the local government) to attest to compliance with Australian Accounting Standards.

<sup>3</sup> Office of the Auditor General, [Financial Audit Results - Local Government 2020-21](#), OAG website, 17 August 2022, accessed 21 August 2023.

## Seventeen entities received emphasis of matter paragraphs

Under Australian Auditing Standards, if a matter is appropriately presented or disclosed in the financial report, but in our judgement is of such importance that it should be drawn to readers' attention, we may include an emphasis of matter (EoM) paragraph in our auditor's report.

In 2021-22, 17 EoM paragraphs have been included. Positively, this is a significant decrease from 31 EoM paragraphs in 2020-21 and is reflective of a continued improvement of underlying records in some entities. This year, EoM paragraphs bring to the reader's attention:

- restatements of comparative figures or balances (13 entities) (2020-21: 13 entities)
- the basis of accounting used by the entity (three entities) (2020-21: seven entities)
- revaluation on infrastructure assets (one entity).

A full description of these matters is at Appendix 4.

## 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. We may include a paragraph in our auditor's report to bring the matter to the reader's attention.

In 2021-22, this applied to the Bunbury-Harvey Regional Council (Council). The going concern issue arose due to a liability for the capping of a landfill that would, if it eventuates, use all reserves while there was an accumulated deficit at 30 June 2022.

Appropriate disclosures were included in the Council's financial statements about this matter and our audit report draws readers' attention to these disclosures.

## We issued 224 audit certifications

In addition to the auditor's report on annual financial statements, we also conduct audit work to certify other financial information produced by entities. These audit certifications enable entities to meet the conditions of State or Australian Government funding or specific grant requirements or legislation (i.e. 'acquittals'). Our audit certification of these statements may be required for ongoing funding under existing agreements or to apply for new funding.

For the 2021-22 audit cycle we were responsible for conducting 141 certifications for the Local Roads and Community Infrastructure Program (LRCI). The \$3.25 billion Australian Government funded program supports entities to deliver priority local road and community infrastructure projects across Australia.

We were also responsible for conducting 139 certifications for the Road to Recovery Program (RtR). From 2019-20 to 2023-24 the Australian Government has committed \$2.6 billion to this program supporting the construction and maintenance of local road and infrastructure assets.

Under both the LRCI and RtR programs, funded entities were required to provide the Australian Department of Infrastructure, Transport, Regional Development, Communications and Arts with an audited 2021-22 annual report by 31 October 2022. This must be audited by an appropriate auditor. Under the *National Land Transport Act 2014*, our Office is the appropriate auditor given entities' accounts are required by law to be audited by the Auditor General of a State. As at 30 June 2023 we had issued 212 certifications relating to these programs:

- 121 (86%) local government entities eligible for LRCI funding in WA did not meet the 31 October 2022 reporting deadline
- 86 (62%) local government entities eligible for RtR funding in WA did not meet the 31 October 2022 reporting deadline.

At 30 June 2023 there were 48 LRCI and 20 RtR 2021-22 certifications still outstanding of the 280 certifications required to be completed.

Local government entities need to improve accountability and more promptly and fully acquit their responsibilities for funding they have received to improve access and infrastructure across our State.

Appendix 6 lists the 212 LRCI and RtR certifications, and 12 other certifications issued for 2021-22 as at 30 June 2023.

## Reporting requirements

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

- a Statement of Financial Position, Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity and Statement of Cash Flows
- a Rate Setting Statement
- other note disclosures such as trading undertakings and major land transactions.

Timeliness of financial reporting and audit preparedness continues to be an issue, leading to delays in finalising the audit process. Ninety-one (61%) entities had opinions issued prior to 31 December 2022. This year has seen marginal improvements from the previous year, with opinions for 41 (28%) entities still outstanding at the end of March.

To tackle this issue, the Auditor General sent a communication to relevant CEOs on 31 March 2023 conveying the following:

As you would be aware, local government financial audits are legislated to be completed by 31 December. We have been working with entities, including yours, beyond this date to endeavour to resolve issues that have been delaying audit completion and to facilitate clear audit opinions wherever possible. However, this approach has resulted in excessively long delays. To uphold our auditor reporting obligations, we have decided to issue all outstanding local government financial audit opinions within the next few weeks. Your OAG engagement leader will contact you to discuss what this means for your entity.

We may not be able to attend all audit committee or general council meetings prior to issuing our audit opinions. However, audit exit meetings will occur as normal, and we can provide additional briefings at your council or committee meeting after our auditor's report is issued. Entities that are close to finalising their financial report may not be impacted by this accelerated approach.

We acknowledge that this approach may result in additional modified audit opinions (including qualifications) across the sector, however we are comfortable that this will more accurately reflect the status of the sector overall and challenges in individual entities. Moreover, it will allow local government entities to discharge their financial reporting responsibilities to ratepayers in a timelier way than if we continue to wait for entities to be available to provide access to necessary staff and information. This approach will also allow our audit staff, contract audit firms and local government employees time to prepare for and appropriately focus on the forthcoming year end reporting requirements.

We did not take this decision to implement a hard line for the sector, requiring completion of the outstanding financial statements by 18 April 2023, lightly. It was a very considered decision, acknowledging it would have some challenging implications in the short-term. However, medium and longer-term benefits should emerge in due course.

From now on, the Auditor General will require entities to have financial statements signed and provided to auditors prior to starting the final audit. Entities need to be mindful of legislative requirements to close out audits by the end of December and of the importance of timely reporting back to ratepayers. To help with this, the Office tabled an *Audit Readiness – Better Practice Guide*<sup>4</sup> and an online Audit Readiness Tool on the 30 June 2023. Using the better practice guide and tool will aid in:

- developing a full and complete set of financial statements
- providing working papers that align with financial records and amounts reported within the financial statements
- work papers that support balances and judgements applied in the preparation of the financial statements
- completed and independently reviewed reconciliations
- early identification and resolution of accounting issues
- being audit ready within the agreed timeframes
- a more efficient and timely audit process.

We continue to also build on our local government knowledge and hold training sessions where our staff along with staff of contract audit firms are invited to attend. These steps are to ensure our knowledge of the sector remains current and we deliver value to the sector and more seamless audits between our Office and contract audit firms.

In addition to our own surveys, we have listened to the results of the survey performed by LG Professionals WA and Western Australian Local Government Association (WALGA). We acknowledge further work is required and consider the initiatives above will help to address concerns raised by the sector in the areas of:

- improving financial reporting timeframes and reducing delays
- reducing additional workload on local government staff through the audit process
- audit cost containment
- continue improving the consistency of advice between our Office and contract audit firms.

The survey also highlighted several positive outcomes in the following areas:

- preparation and timeframes for preparing for the audit was appropriate
- audit staff had adequate local government knowledge to assist in performing audits
- audit staff conducted themselves professionally
- largely consistent advice received between our Office and contract audit firms and
- audit results were presented in an appropriate manner.

<sup>4</sup> Office of the Auditor General, [Audit Readiness - Better Practice Guide](#), OAG website, 30 June 2023, accessed 21 August 2023.



DLGSC has also released model financial statements that provide for tiered reporting. Local government entities meeting the classification of Class 3 and 4 will be able to adopt reduced reporting for the current financial year ended 30 June 2023, with supporting regulations gazetted on 30 June 2023. This will assist in reducing the complexity of financial reporting and help with resource constraints in the regions.

## Review of financial reports submitted for audit

### Audit readiness and timeliness

Appendix 1 shows only 85 of 148 entities were audit ready with complete auditable financial statements by the statutory deadline of 30 September or extensions granted by the DLGSC.

Being audit ready is more than simply providing a draft set of financial statements to the auditors. It means having full and complete financial statements (including disclosures notes). While we understand that the demands and expectations of finance staff are quite significant, working papers to support balances and judgements within these statements need to be prepared before the audit starts. This includes completed reconciliations (e.g. assets/bank/leave etc.) for every month of the year.

In many entities, considerable work had to be carried out after financial statements had been submitted for audit. In two cases, the final version of financial statements submitted for signing was the 17<sup>th</sup> version. Lack of audit preparedness can give rise to a concern that entities may rely on the audit process to finalise their statements rather than have them ready for audit when due. Over reliance on the audit process carries the risk of compromising the independence and the importance of the audit process.

Nine entities experienced significant delays in submitting their financial statements. Their agreed date for financial statement submission was 2022 but they were not provided until 2023. Five of these entities had agreed to provide their financial statements by 30 September 2022, with a small number (three of the nine entities) not being provided until after March 2023.

### Audit differences

When it comes to preparing financial statements, audit differences (errors identified by the OAG) are an indication of the robustness of an entity's processes in preventing errors. An excessive number of audit differences can also impact the overall timeliness and efficiency of the audit.

An audit difference is a variance between what an entity should have and what it did report, present or disclose. An entity can choose to correct the audit difference (adjusted) or leave it (unadjusted). If an audit difference is material, then we will ask the entity to adjust and if they do not we will consider modifying our audit opinion. Entities generally make the audit adjustment.

The values reported in Table 2 are the aggregate values of adjusted differences identified by our audit teams and contract audit firms. This is the first year we have externally reported this information.

In 2021-22, 91 entities adjusted 335 audit differences.

Value	Number of audit differences 2021-22	Nominal value
Less than \$250,000	190	\$13,110,058
\$250,000 to \$500,000	37	\$12,716,713

Value	Number of audit differences 2021-22	Nominal value
\$500,000 to \$1 million	27	\$19,674,037
\$1 million to \$5 million	46	\$107,775,172
\$5 million to \$15 million	20	\$165,592,032
\$15 million to \$30 million	6	\$130,926,884
\$30 million to \$50 million	3	\$120,872,343
\$50 million and greater	6	\$1,042,861,809
<b>Total number and value of differences</b>	<b>335</b>	<b>\$1,613,529,048</b>

Source: OAG

**Table 2: Adjusted audit differences for entities in 2021-22**

Positively, there were 55 entities<sup>5</sup> that had no adjusted audit differences, indicating that the accounting records were complete, reliable and that they were appropriately audit ready. For 91 entities though, there were a combined total of 335 discreet adjusted audit differences. This represents an average of 3.7 per entity. Of these, 27 entities had five or more adjustments and four entities had 10 or more. The highest number of adjustments for a single entity was 14.

Whilst audit adjustments are not uncommon, any more than five, under normal circumstances, should be viewed as a red flag.

In comparison, the number of adjusted audit differences across the 132 State government entities in 2021-22 only totalled 137 (an average of approximately one audit difference per entity)<sup>6</sup>, reinforcing our view that there is significant room, and need, for improvement across the local government sector in financial reporting.

Of the 335 audit differences adjusted by local government entities, 81 (24%) were greater than \$1 million, which compares favourably with 51% for the State sector.

The common areas across local government entities where adjusted audit differences were identified included:

- asset classifications, fair values and asset record keeping
- incorrect recognition of expenses, liabilities and provisions (e.g. rehabilitation)
- incorrect revenue recognition.

In 2021-22, we identified 132 unadjusted audit differences across 58 entities.

Value	Number of audit differences 2021-22	Nominal value
Less than \$250,000	112	\$9,475,712
\$250,000 to \$500,000	10	\$3,539,846
\$500,000 to \$1 million	3	\$1,655,287
\$1 million to \$5 million	5	\$10,375,239

<sup>5</sup> Two entities still outstanding for 2021-22 reporting period.

<sup>6</sup> Office of the Auditor General, [Financial Audit Results – State Government 2021-22 – Part 3: Final Results](#), OAG website, 30 June 2023, accessed 21 August 2023.

Value	Number of audit differences 2021-22	Nominal value
\$5 million to \$15 million	1	\$7,922,800
\$15 million to \$30 million	1	\$17,700,000
\$30 million to \$50 million	0	0
\$50 million and greater	0	0
<b>Total number and value of differences</b>	<b>132</b>	<b>\$50,668,884</b>

Source: OAG

**Table 3: Unadjusted audit differences for entities in 2021-22**

The common areas where unadjusted audit differences were identified included primarily the same as those noted above.

## Best practice entities

This is the first year we have rated entities on their financial reporting and financial controls, though we have been reporting on this for the State sector for many years. The quality of financial reporting is measured against five criteria:

- timeliness of financial statements
- quality of financial statements and notes
- quality of working papers
- resolution of accounting issues
- availability of key staff.

Of the 148 entities, 85 were scored audit ready, representing 57% of all local government entities and signalling room for improvement.

Most noteworthy is the number of regional shires that have made the better practice list. We commend all those who have made this inaugural list and trust others will now be inspired to strive to compete for inclusion.

Best practice top 20 entities			
City of Albany	Murchison Regional Vermin Council	Shire of Dumbleyung	Shire of Murray
City of Greater Geraldton	Shire of Boddington	Shire of Gingin	Shire of Pingelly
City of Melville	Shire of Bridgetown-Greenbushes	Shire of Jerramungup	Shire of Wagin
City of Swan	Shire of Cranbrook	Shire of Donnybrook-Balingup	Shire of Waroona
Eastern Metropolitan Regional Council	Shire of Cue	Shire of Mingenew	Shire of Wongan-Ballidu

Source: OAG

**Table 4: Best practice entities for 2021-22**

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## Recommendation

1. We again encourage entities to make use of OAG better practice guidance to improve quality and efficiency in annual financial reporting and assurance, including our:
  - a. *Western Australian Public Sector Financial Statements – Better Practice Guide*
  - b. *Audit Readiness – Better Practice Guide*, with online tools available at [audit.wa.gov.au](http://audit.wa.gov.au). Particularly Tool 16: Financial report checklist – Local government, which provides an overall quality assurance checklist that is useful to local government entities prior to submitting financial statements for audit.

## Control weaknesses

### Control environment

We report to entity CEOs on all control weaknesses relating to expenditure, revenue, financial management, asset management and human resources. Control weaknesses are also reported to the mayor, president or chairperson and the Minister for Local Government.

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

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

Risk category	Audit impact	Management action required
<b>Significant</b>	Control weaknesses that potentially present a significant financial or business risk to the entity if not addressed promptly. These significant risk findings impact: <ul style="list-style-type: none"> <li>• likelihood of material misstatement in the financial report</li> <li>• ability to achieve objectives or comply with legislation.</li> </ul>	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>	Normally matters requiring system or procedural improvements or low risk matters from previous audits that have not been satisfactorily resolved. These moderate risk findings include: <ul style="list-style-type: none"> <li>• misstatement in the financial report that has occurred, although not material</li> <li>• ongoing system control weakness which could or is having a moderate adverse effect of achieving objectives or legislative compliance.</li> </ul>	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>	Isolated occurrences, non-systemic or procedural control weaknesses that are administrative shortcomings. Minor weaknesses which 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

**Table 5: Risk categories for control weakness reported to management**

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

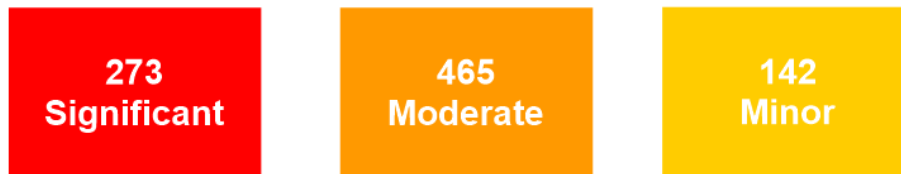
We ask that management set a timeframe to remedy control weaknesses. Most entities set themselves challenging timeframes and generally meet them. It is, however, disappointing that some entities do not remedy weaknesses in a timely manner.

At the completion of each audit, we send a copy of our management letter to the responsible minister along with the audit opinion.

While our management letters relate specifically to an individual entity, we can see the weaknesses are often common to other local government entities.

## Financial and management controls

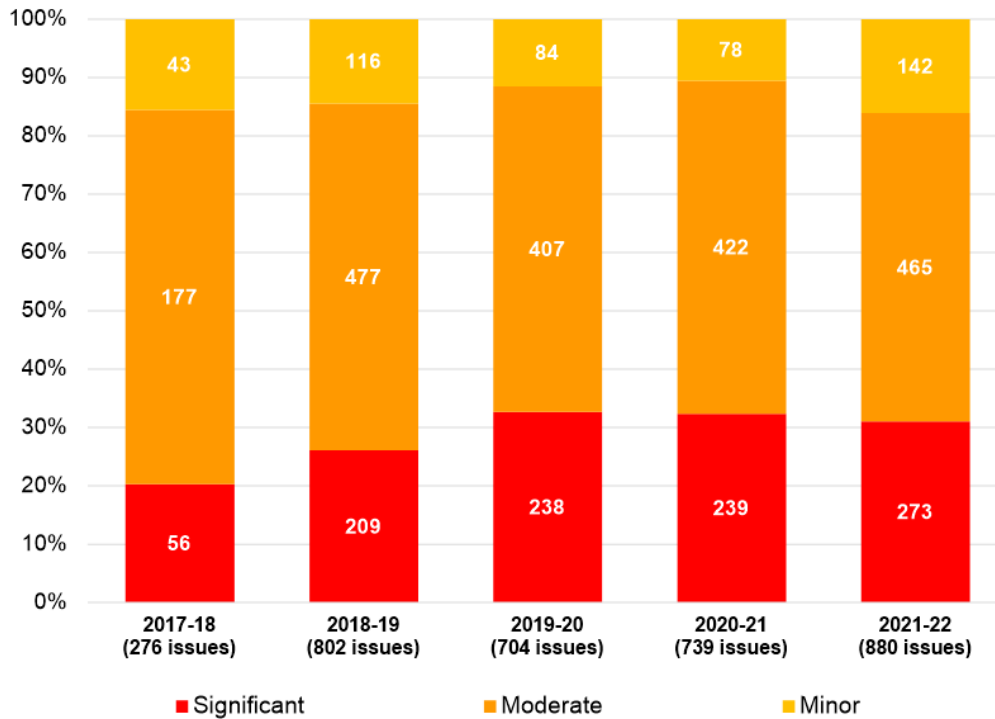
During 2021-22, we alerted 110 entities to 273 significant control weaknesses that needed their attention, an increase from 239 the previous year. We reported 880 control weaknesses in total across the three risk categories, also an increase from the total of 739 we reported in 2020-21 (Figure 2). In summary:



Source: OAG

**Figure 1: Number of financial and management control findings by risk category for 2021-22**

Figure 2 shows the number of weaknesses in each category and the related comparative data for the last five years. Of concern is the both the number and proportion of significant control weaknesses has been increasing since we assumed responsibility for auditing the sector.



Source: OAG

Note: 2017-18 data excludes 14 information systems issues.

**Figure 2: Proportion of control weaknesses reported to management in each risk category and comparative ratings of the control weaknesses**

As highlighted in Figure 3, 265 control weaknesses (30%) at 63 entities were unresolved from the prior year. Disappointingly, this proportion is significantly higher than for 2020-21 (17%). In addition, the number of significant weaknesses identified that remain unresolved has also increased from the prior year and has been trending upwards since 2017-18.

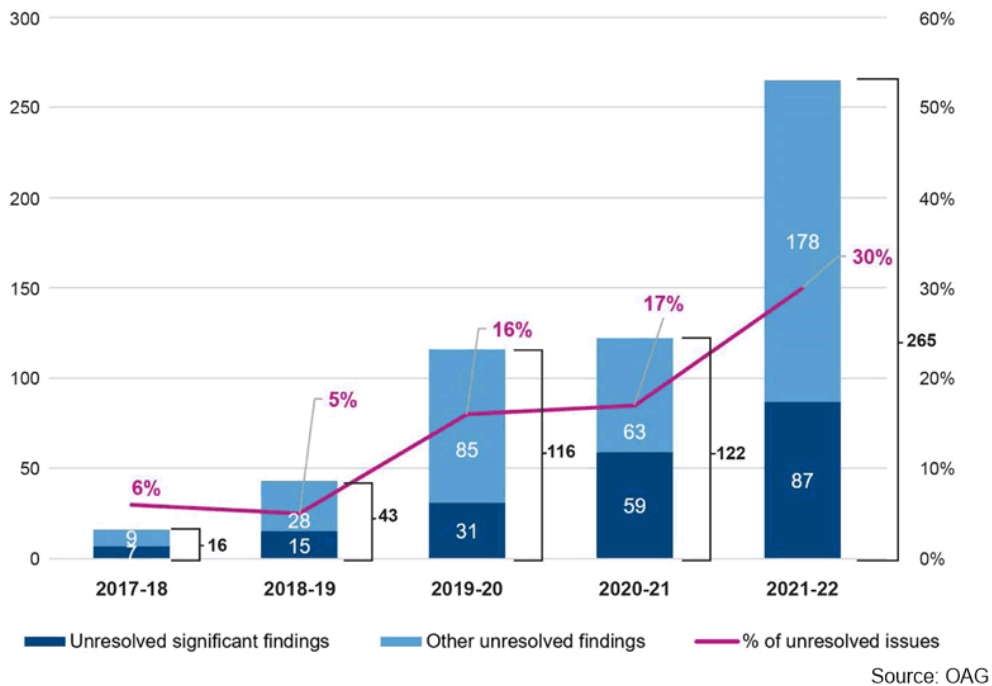
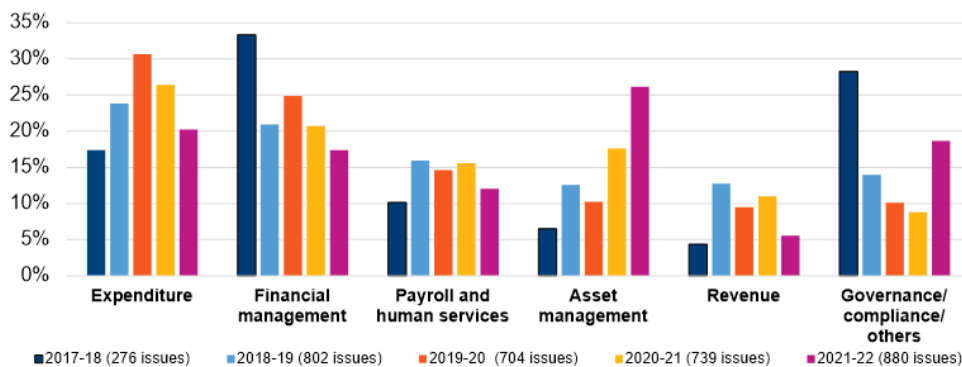


Figure 3: Unresolved financial management control findings

The 880 control weaknesses identified in 2021-22 are presented in their different financial management control categories in Figure 4. This figure also highlights the increasing trend in issues pertaining to asset management (e.g. fair values) across the sector while expenditure and financial management controls continue to represent a significant proportion of weaknesses across the financial control environment. Interestingly, there has been an increase in the governance, compliance and other category which is predominantly due aspects related to risk management and strategic plans being in existence or sufficiently current – most likely reflective of the resource constraints being experienced across the sector. However, it is pleasing that control weaknesses pertaining to expenditure, financial management, payroll and human services and revenue decreased in 2021-22.



Note: 2017-18 data does not include 14 information systems issues.

Figure 4: Financial and management control weaknesses reported to entities



The following are examples of control weaknesses identified in the major categories of audit findings.

### Expenditure

As in prior years we noted that good procurement procedures, such as obtaining quotes and completing purchase orders to start the ordering process and accountability trail, were not routinely practiced.

We reported 178 expenditure control weaknesses at 96 entities in 2021-22. These included:

- Anomalies in procurement, purchase orders (Pos) and quotes at 65 entities (86 findings) covering:
  - Pos being raised after the goods have been supplied or after suppliers' invoices had been received. Insufficient and/or inadequate controls over purchase ordering increases the risk of inappropriate purchases or the entity being committed to purchases by officers acting outside of delegated authority limits.
  - Quotes not being obtained as required by the entities' policy guidelines and quotes not being appropriately retained. This increases the risk of favouring specific suppliers and/or not obtaining value for money.
  - There were instances at seven entities of authority limit requirements not being complied with. This also increases the risk of fraud and/or not obtaining value for money.
- Issues with supplier master files at 26 entities, such as amendments where no supporting documentation was provided to evidence that the changes were verified with the supplier before updating the accounting systems.
- Credit card anomalies in 20 entities such as:
  - receipts not available for all transactions
  - no evidence of independent review of staff credit card monthly expenditure
  - transactions not listed separately in the payments submitted to Council each month.

### Payroll and human resources

Payroll and human resource management are essential elements of any employer's business. During our audits we reported 106 payroll and human resources weaknesses at 74 entities. These included:

- Anomalies across 34 entities regarding annual and long service leave entitlements, including excessive leave balances. While acknowledging the continuing resource constraints across the sector, it is vitally important for entities to have leave management plans in place for the benefit of the health and wellbeing of both the entity and its staff.
- Exit and termination protocols not completed promptly or at all in 12 entities. This is essential to ensure both timely and accurate processing and payment of staff and ensuring access controls in relation to offboarding staff are complied with.
- Payroll reconciliations, exception reports, or review of cost centres not being appropriately completed or independently reviewed at 12 entities, increasing the risk of errors and potential fraud remaining undetected and misstated financial statements.
- Over or underpayments and other pay anomalies at 19 entities.

### Governance and compliance

Appropriate standards of corporate governance and legislative compliance are essential elements of a high performing local government entity. They are what is not only required, but rightfully expected by all relevant stakeholders – principally ratepayers, the public, ministers and the Parliament. We identified 143 issues with aspects of corporate governance and legislative compliance at 71 entities (48% of the local government sector). These included:

- risk management frameworks or policies and practices not being in existence, updated regularly enough (i.e., not fit for purpose) or not being suitably followed at 50 entities
- strategic plans either not in existence or updated with sufficient regularity in 13 entities
- non-compliance with the *Financial Management Act 2006* or regulations in 19 entities.

Strategic and risk management plans are essential cornerstones of any entity's ability to achieve its objectives (short, medium and long term) and in an efficient and responsible way. These would also address the need to comply with relevant legislative requirements.

### Financial management

The accounting procedures and practices of the financial management team should include appropriate controls for preparing the entity's financial report and mandatory annual reporting requirements. During our audits we identified 153 issues with the accounting procedures of the financial management teams at 86 entities. Fifty-six findings were unresolved from the previous year and 18 of these unresolved findings were significant. The major control weaknesses included:

- bank reconciliations were either not prepared monthly, completed in a timely manner or appropriately reviewed by an independent person in 37 entities (representing 25% of the local government sector). This is a concerning proportion considering a bank reconciliation is a key control. If it is not performed there is a heightened risk of erroneous or unusual (including fraudulent) reconciling items not being detected, investigated and resolved in a timely manner
- journal entries at 21 entities were made with either insufficient supporting documentation or without being appropriately reviewed by an independent officer. Journals often represent significant adjustments to previously reported accounting transactions. Accordingly, it is imperative to ensure they are appropriately approved to mitigate the risk of fraud
- non-compliance with relevant accounting standards (eight entities)
- financial reporting requirements (12 entities)
- inappropriate segregation of duties and review functions (10 entities), including those with access to information systems beyond their job description.

### Assets

We identified 220 weaknesses in the controls over assets at 140 entities. These were primarily concerned with:

- Property, Plant and Equipment (PPE) and Infrastructure not being revalued at all or as frequently as required by regulation or by accredited valuers, or entities not performing any fair value assessment of these assets for 30 June 2022, at 115 entities. This can be partly explained by the limited capacity of a relatively small number of valuation experts servicing the sector, as well as the limited in-house resource capacity.

- Reconciliations of fixed asset registers to the general ledger, inaccuracies in the register information and a lack of regular review process to ensure the register is complete and accurate (including assessing useful lives of these assets) were reported across 27 entities.

For all local government entities, PPE and Infrastructure assets comprise the largest proportion of the entities assets and represent the bulk of the mechanism by which they provide services to their constituents. It is imperative that they are appropriately managed, assessed and carried at the appropriate value in the accounting records.

### Revenue

Good controls over revenue help to ensure that all monies due to the entity are accurately charged, collected and reported in the financial statements. During our audits, we reported 49 weaknesses at 37 entities. These primarily related to:

- incorrect revenue recognition in respect of grant funding
- rateable values reconciliations not being complete
- incorrect discount adjustments or refunds being provided
- fees not correctly recorded in the financial system and customers being charged the incorrect fee.

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## Recommendation

2. Local government entities should ensure the integrity of their financial control environment is maintained by:
  - a. ensuring control weaknesses identified by audit and other review mechanisms are addressed promptly
  - b. creating a culture of compliance with systems of control being regularly reviewed
  - c. regularly reviewing and updating all financial, asset, human resources, governance, information systems and other management policies and procedures. These should be communicated to staff with effective training programs implemented to support understanding of these
  - d. conducting reviews and assurance engagement to improve systems of internal control in line with periodic risk assessments
  - e. maintain currency with new and revised accounting standards for their impact on financial operations in order to prepare a compliant financial report at year end.

## Information system controls

In 2021-22, we reported 334 information system control weaknesses to 53 entities<sup>7</sup>, with 10% (32) of these rated as significant and 69% (232) as moderate. This was an improvement on last year when we reported 358 control weaknesses to 45 entities. However, entities should act promptly to resolve them, if not addressed these weaknesses could significantly compromise the confidentiality, integrity and availability of information systems.

Local government entities, like all modern organisations, depend on information systems to deliver a wide range of services to their communities. They are also essential tools for preparing financial statements that underpin a local government entities' accountability to its ratepayers. Loss of trust is perhaps the biggest threat to local government entities' authority to govern should their information systems become degraded if they fail to address security issues. For this reason, it is vital that entities implement appropriate controls to maintain reliable, secure and resilient information systems.

Audits of general computer controls help entities measure and improve the effectiveness and reliability of services and financial reporting. These audits are performed as an integral part of, and inform, our financial audit program.

Our capability assessments at 12 of the 53 entities show that none met our expectations across all six control categories and 69% of the audit results were below our minimum benchmark. Information and cyber security remain significant risks again this year and need urgent attention. Compared to 2020-21, there have been some improvements in change control but very little progress in management of information technology (IT) risks, physical security and IT operations. Entities need to improve in all six control categories.

The above information includes additional statistics from work completed since we tabled our *Information Systems Audit – Local Government 2021-22*, on 29 March 2023. Further details of the information systems audit work and case studies are included in that report.

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## Recommendation

3. We encourage entities to use the case studies and recommendations in our *Information Systems Audit – Local Government 2021-22*<sup>8</sup> to assess and enhance general computer controls within entities information system environments.

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<sup>7</sup> The number of entities with IS findings has not changed since the *Information Systems Audit – Local Government 2021-2022*, as an entity was mistakenly counted twice.

<sup>8</sup> Office of the Auditor General, [Information Systems Audit - Local Government 2021-22](#), OAG website, 29 March 2023, accessed 21 August 2023.

## Financial reporting, accountability and audit matters

### Valuation of assets

Valuation was again a common theme in the sector. As we noted last year, even though a formal valuation is not required every year, each entity needs to determine that the carrying value of an asset at the reporting period approximates its fair value. This would entail, amongst other things, condition assessments, assessing recent pricing movements in materials and labour, and other relevant material factors.

#### What we found

The frequency of valuations by some entities was not in accordance with Local Government (Financial Management) Regulations 1996 and a number of entities had not performed any fair value assessment of their assets for 30 June 2022. In one case, a building's revaluation was last performed in 2017. The elapsed time exceeds the five years required by section 17A(4)(b) of the Regulations.

In another instance, a local government entity had missed assets in its initial revaluation, requiring these assets to be revalued after the onsite final audit, contributing to delays.

A number of entities that performed revaluations in the 2021-22 year saw significant increases in the value of their infrastructure assets. This was primarily due to increases in unit rates and growth in the asset base. The City of Cockburn saw a 23% increase in its infrastructure assets from \$890 million to \$1.1 billion in 2021-22 for such reasons.

In contrast, the City of Rockingham reported a 51% decrease in the value of infrastructure assets for the year ended 30 June 2022. This was caused by the reduced Road Unit Rates from using recycled materials collected and disposed of from road renewals (in situ materials) and exclusion of tipping fees.

In another case, an appointed valuer was not able to verify that the valuation was performed in accordance with Australian Accounting Standards (AASB 13) and met financial reporting requirements. DLGSC has since issued an alert to provide guidance to local government entities when selecting a valuer.

The limited capacity of a relatively small number of valuation experts servicing this sector has affected the timeliness of valuations, with some entities finding it difficult to source expertise and perform valuations to meet their financial reporting requirements. Assumptions applied by valuers also affected valuations, creating variability in valuations and affecting comparability between them.

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### Recommendation

4. The DLGSC should provide guidance to assist entities with understanding the requirements of and interpreting the Australian Accounting Standards Board (AASB) accounting requirements to ensure greater accounting consistency across the sector, including application of AASB 13 *Fair Value Measurement*.

## Reconciliations

Contributing to the difficulty in preparing financial statements and lack of preparedness for the audit, a number of local government entities had not prepared or reviewed reconciliations in a timely manner. Performing regular reconciliations represents good preventative controls and will help entities ensure the financial integrity of records.

### What we found

Several entities experienced challenges preparing key reconciliations in time for audit, causing delays and extra effort in the process. The following examples illustrate the nature of these challenges:

- Financial statements did not include adjustments for revaluation of property, plant and equipment and other infrastructure and could not be reconciled with the trial balance. Coordinating with the entity's finance team proved challenging and it took several iterations of the statements to resolve.
- There were several instances where reports and reconciliations did not reconcile to the trial balance and meetings were needed to resolve the issues, delaying the audit process.
- A municipal bank reconciliation was substantially delayed beyond year end and was only provided for audit in February 2023, eight months following the year end.
- Payroll reconciliation issues at another entity were only resolved in December 2022. The implementation of a new payroll system for this entity in the 2022-23 financial year should ensure improvements in future years.

## Approval and support for journals

Small staff numbers at some regional shires present challenges not experienced by larger local government entities. For example, at one shire, a significant finding was a lack of segregation of duties in the journal posting and approving process due to the retirement of a staff member early in the financial year, creating a vacancy the shire was unable to fill. A result of the reassigned work meant that the staff member posting journals happened to also be a close relative of the person approving them. In this case they were the only two staff employed by the shire who had the technical capabilities to perform the tasks.

At one shire, key journals were only processed in December 2022. The shire has a significant capital works program funded by capital grants. Review and posting of asset and revenue/liability journals dealing with this program should occur more regularly during the year given the significant number of transactions in this area and the amounts involved.

At another shire, testing identified a number of manual journal entries that were unable to be supported due to poor record keeping. These journal entries did not evidence review by an independent officer prior to processing. The shire was able to support these manual journals subsequent to year end, but this also resulted in a delayed audit process.

## Recognition or assessment of rehabilitation provision

Recognition and correction of rehabilitation provisions featured in seven local government entities in 2021-22. These included:

- A provision for rehabilitation of the landfill site of \$6.3 million was recognised at the Bunbury-Harvey Regional Council. This resulted in a negative retained surplus position at 30 June 2022.

- The City of Armadale identified an adjustment to the landfill rehabilitation provision calculation and corresponding rehabilitation asset that resulted in an increase of \$21.1 million to the provision calculation and \$22.5 million to the rehabilitation asset (a net result of \$1.4 million increase in net assets). The prior year impact of this was determined to be immaterial.
- At the Shire of Halls Creek, an increase in Other Provisions is due to the recognition of landfill rehabilitation provisions related to the Halls Creek tip. The Shire's landfill closure management plan proposes a four-phase staged rehabilitation approach between 2024 and 2036, with a net present value cost of approximately \$1.3 million.
- At the Shire of Leonora, other provisions recorded a \$2.7 million provision to recognise the first year of the landfill rehabilitation provision.
- At the Town of Port Hedland, a final landfill closure management plan provided the Town with a reliable estimate of its licence obligations for rehabilitating the South Hedland landfill site. The Town has calculated the net present value of this \$15.3 million expenditure to be \$12.9 million at year end.

### Prior year adjustments were again reported for several entities

Prior year adjustments were made at 13 entities in 2021-22 (11 entities in 2020-21). We considered the following instances worth noting:

- At the Shire of Donnybrook-Balingup there was a prior year adjustment of \$271,628 to recognise soil material gifted by Main Roads Western Australia in June 2022.
- At the City of Joondalup, work-in-progress costs totalling \$3,304,489 for building additions had not been capitalised in 2019-20 when they were completed, resulting in an overstatement of the revaluation surplus and work-in-progress in subsequent years. Following further analysis and discussion, these additions were corrected as a prior period error.
- During 2021-22, Tamala Park Regional Council (TPRC) arranged for the valuation of the Tamala Park land which is jointly owned by the TPRC member councils. Following significant additional work and consultation with the OAG, a valuation model was developed in consultation with TPRC, to assist the TPRC member councils correctly classify and account for the various components of the Tamala Park land (the tip site, refuse buffer land and land held for sale). Based on this model, the City of Joondalup reviewed its accounting of the Tamala Park land components and concluded that while they had been correctly classified in the financial report, the City had inadvertently reported the land held for development at fair value instead of the lower of cost and net realisable value as required by AASB 102 *Inventories*. This error was rectified by restating the prior year comparatives at 1 July 2020 and at 30 June 2021 in the 2021-22 financial report.
- The City of Kalamunda recognised found assets as a prior year error requiring correction by restating comparatives and increasing infrastructure amounts reported in 2020-21 by approximately \$3.5 million.

### Key financial transactions that required additional audit effort

A number of key financial transactions across the sector required additional audit effort and may be of public interest in addition to those noted above. They highlight the depth of services provided by local government entities and the associated accounting impacts.

For example, Busselton has an Air Services Agreement with JetStar to underwrite three weekly services to Melbourne, up to an agreed maximum value. Under the agreement, the City may have a liability if Jetstar's actual revenue is less than the agreed required revenue for the periods in the agreement. This contractual obligation only becomes a liability contingent on future events and so is included in the contingent liabilities note of the City. JetStar's service commenced in April 2022 following the reopening of the WA State border. The City is unable to reliably estimate the financial effects, if any, at year end.

In 2020-21, Resource Recovery Group (RRG) (formerly Southern Metropolitan Regional Council) had a temporary contract with a third party waste disposal/treatment organisation after that company experienced a factory fire. The organisation brought a significant number of tonnes of waste to RRG's facility which RRG charged them for and sold the recyclable by-product. In 2021-22, RRG had no such contract and its revenue decreased by over \$10 million.

City of Busselton's total borrowings are higher by \$17.9 million than last year mainly due to new loans taken out by the City with WA Treasury Corporation for the construction of the Busselton Performing Arts and Convention Centre.

At the City of Canning, service charges increased from \$2.9 million in 2020-21 to \$7.6 million in 2021-22 (160%) due to levying an underground power service charge - Shelley West by approximately \$4.6 million.

Similarly, at the City of South Perth, service charges increased by \$13.1 million due to the city collecting fees for underground power projects in Manning and Collier in this financial year. No underground power projects were undertaken last financial year.

At the City of Cockburn, there was a significant increase in fees and charges and other expenditure from \$30.2 million in 2020-21 to \$40.1 million in 2021-22. This is mainly attributable to a significant increase in landfill fees payment by customers and the landfill levy, with 2021-22 seeing an 83% increase in total waste accepted (94,106 tonnes in 2020-21 to 172,519 tonnes in 2021-22).

At the City of Perth, materials and contracts decreased by \$7 million (13%) mainly due to the legal expenditure in 2020-21 that the City was required to pay the Minister of Local Government as a result of the adverse findings in relation to the Council and administration of the City. The total legal cost relating to the panel inquiry amounted to \$7.7 million.

At the Shire of Murray, property, plant and equipment increased by \$16.9 million (23%) mainly due to the funds spent on construction of the WA Food Innovation Precinct amounting to \$15 million of additions to work-in-progress in the current year.

## Unusual items of interest

Pilbara Regional Council's financial report disclosed that it agreed to wind up operations. Consequently, the annual financial report has been prepared on a liquidation basis. Rivers Regional Council's financial report revealed that it had made the same decision and also prepared its report on a liquidation basis. In neither case was the audit opinion modified as a result.

## Other changes to accounting standards

### Fair value measurement

AASB 13 *Fair Value Measurement* sets out the requirements that entities have to comply with when measuring fair value for financial reporting purposes. However, there has been some inconsistency in how fair value has been determined in Australia. In WA, this issue has



been especially prevalent for land assets with restricted use in the local government sector due to local government entities using various valuers with different valuation methodologies.

The AASB has recently issued a new accounting standard, *AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*, which amends AASB 13 and provides further guidance on fair value measurement. AASB 2022-10 is effective for annual periods beginning on or after 1 January 2024 and will be applied for the first time in the year ended 30 June 2025 by local government entities.

Although AASB 2022-10 does not mandate which valuation approach is appropriate for particular types or classes of assets, it is acknowledged that:

- The majority of public sector restricted use land in Australia is valued using the market approach taking into account the restricted use.
- If the regulator in a jurisdiction desires greater consistency, it may choose to designate a valuation approach for application by public sector entities in its jurisdiction.

Without regulatory intervention, it is possible that the existing inconsistency for restricted land in the local government sector would continue.

## Impact of emergencies

### COVID-19

Whilst there were ongoing residual impacts of COVID-19 throughout the sector, such as availability of staff resources, contractors and materials and adjusting to flexible working arrangements, there was not the level of impact as in prior years. This is a reflection of operations returning to more business as usual.

There were a number of interesting observations, as follows:

- City of Canning retained its Financial Hardship Policy adopted in the prior year, which allowed eligible ratepayers to pause repayment of the property rates, fees and charges for up to 6 months and establish alternative payment arrangements for up to 2 years. All ratepayers who were experiencing difficulty in making their upfront or instalment payments were encouraged to contact the City to establish alternative payment arrangements.
- City of Gosnells received \$25,000 from DLGSC's Theatres and Cinemas Assistance Program for the loss in revenue, as a result of COVID-19 closures in the prior year.
- City of Vincent reported an increase in fees and charges income during the year at Beatty Park Leisure Centre due to increased admissions and memberships as well as an increase in its fees and charges for 2021-22. In the prior year, there had been COVID-19 restrictions and a freeze on fees and charges.
- Shire of Dalwallinu reported an increase in expenses for cleaning products and COVID-19 tests. The Shire also increased its sick pay allowance to cover two weeks for COVID-19 leave if required.

### Cyclone Seroja

Ongoing impacts from Cyclone Seroja, that crossed the WA coast on the 11 April 2021, continue to be felt across a number of local government entities. Examples of these include:

- City of Greater Geraldton has received grant funding from the Department of Fire and Emergency Services amounting to \$1.2 million to aid recovery work.

- Shire of Northampton has received additional funding from the Local Government Insurance Scheme of \$2.75 million to aid recovery work. Cyclone damage led to a write down of infrastructure and property, plant and equipment of around \$1.3 million.
- Shire of Mingenew also received insurance claim and grant income for damage caused by Cyclone Seroja during the year of \$115,961 and grant funding of \$190,397 under the Disaster Recovery Funding Arrangements Western Australia 2018.

#### *Other emergencies*

Other emergencies in the 2021 -22 year have included bushfire and flooding events at Bridgetown-Greenbushes and Dowerin:

- Shire of Bridgetown-Greenbushes saw a significant bushfire event in February 2022 that resulted in assets with a carrying value of \$482,000 being written off.
- Shire of Dowerin received approximately \$3 million in operating grants this year to carry out major flood works. This work was performed during the year as planned.
- Shire of Carnarvon received \$2,360,438 from Disaster Recovery Funding Arrangements in 2021-22 to assist fund the restoration of varying infrastructure and roads damaged by flooding.

## **Opportunities for the DLGSC to improve support of the local government sector**

The DLGSC continued with its regulatory reform agenda during 2021-22 and has worked towards providing support to the sector to fulfil its financial reporting requirements. Our audits continue to show that the sector needs this support to build clarity and achieve accounting and regulatory compliance when preparing financial statements.

This section includes updated information on the specific steps we have observed through our financial audits the DLGSC has taken to enhance financial reporting and reduce complexity and costs within the sector whilst improving governance and transparency. It is important to note that while some of these issues may relate to all entities, others may only be applicable to some.

### **Quality and timeliness**

We have reported consecutively that centralised support from the DLGSC, similar to that provided to State government entities by the Department of Treasury, would be beneficial to the sector. This would help improve understanding of reporting requirements, particularly in areas of complexity and ambiguity, while also helping to improve the overall quality of the sector's financial reports and operations.

We recognise the work of DLGSC, supported by regulation amendments gazetted on 30 June 2023, including that the department has progressed with:

- implementing tiered reporting. Entities that meet the classification of Class 3 or 4 will be able to prepare their financial statements taking advantage of reduced disclosure requirements from 30 June 2023 onwards
- decluttering entities financial reports.

The DLGSC have also provided model financial reports with supporting guidelines and implemented an accounting help desk, providing technical and accounting standard support. This is a step forward for the sector. We encourage entities to seek the help available to ensure any accounting issues are resolved in time for their audit.

We have suggested the DLGSC's support should ensure timely amendments to regulations and provide suitable guidance to assist entities to update their accounting practices. Areas where entities could benefit from the DLGSC being proactive include:

- Fair value measurement requirements to be applied by the sector – this is a complex area where the sector has struggled with time and cost imposts in complying with the current requirements. There have also been differences in how fair value is determined, including without restrictions. Consequently, comparability of the results of fair value assessments have been difficult to perform and limit the meaningfulness of the results. We understand that there are planned amendments pending, which if introduced, will reduce the current complexity in this area, and be greatly appreciated by local governments as reporting entities, and the OAG as auditor.
- Environment, Social and Governance reporting requirements to be applied by the sector – we encourage the DLGSC to consider these likely forthcoming reporting impacts on the local government sector early and provide support and guidance to prepare for them. This should include consultation with the Department of Treasury to consider alignment with the State sector, where relevant and appropriate, as well as consultation with local government entities and sector bodies.
- Support and guidance in areas of accounting complexity – in 2021-22, we noted differences in understanding of reporting requirements for volunteer bushfire services and prior period adjustments for the recognition of rehabilitation provisions and the recognition and derecognition of plantation and turf assets.
- Improving governance by those charged with governance – entities could consider mandatory training, for those without relevant professional qualifications or local government sector experience, for council and audit and risk committee members to ensure understanding of their oversight responsibilities. This would also assist smaller local government entities that may not have effective, or any, internal audit functions within their entities.

We consider timely regulation amendments and support provided by DLGSC assists entities in updating their accounting practices. Amendments to regulations can also help to ensure future reporting is compliant with the financial reporting framework set by the *Local Government Act 1995*, supporting regulations and Australian Accounting Standards.

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## Recommendation

5. The DLGSC should consider environmental, social and governance reporting requirements as applicable and provide clarity to the local government sector for future reporting purposes.

## Response from the DLGSC

The DLGSC supports the OAG recommendations; acknowledging the importance of setting standards in this regard and our commitment to continue working with OAG, sector bodies and local governments to provide guidance, and prescription were considered appropriate. The review of the fair value measurement has commenced and DLGSC's approach has been endorsed by DLGSC Director General and the Minister, with a view to providing the sector with the required guidance following consultation. This strategy also addresses recommendations in relation to fair value above.

The DLGSC has issued two LG Alerts, the first was providing guidance to the local government entities when selecting a valuer and the second, providing advice that early adoption of the Australian Accounting Standard AASB 2022-10 is not supported at this time. Early adoption could adversely affect the accuracy, consistency and comparability of financial reporting across different local government entities.

The DLGSC has considered further regulatory reform, which is intended to substantially improve the current situation and support the local government sector with reduced reporting requirements and minimise risks associated with audits. In collaboration with local governments and sector bodies, guidance on what is required from the sector in assessing fair value measurement is currently in process. A desktop review to assess the impact on local governments by identifying a specific valuation method for land used by the sector has been completed, as well, as a cross jurisdictional comparison. These assessments will be utilised at a workshop with the OAG, sector bodies and local governments to assist with streamlining an approach and developing guidance material to support the local government sector.

The DLGSC acknowledges the need for broad consultation in establishing or influencing environmental, social and governance reporting requirements for the sector; and are dedicated to ensuring that appropriate measures will be taken to address these concerns in a timely manner.

The DLGSC will stay informed about the upcoming accounting standards related to economic, social and governance aspects, which is yet to be determined. The DLGSC will consult with State Treasury in relation to their scope of work and will consider implications, and timelines for implementation. The DLGSC will consult broadly including with experts from sector bodies with accounting, finance, legal, compliance and sustainability. The diverse perspectives will assist in planning and implementation for the future.

## Local government regulation amendments

The second tranche of regulation amendments were gazetted on 30 June 2023. Key changes that are welcomed by our Office and local government sector entities include:

- the introduction of tiered reporting and reduced disclosure
- changes in the CEO statement
- recognising that the financial statements prepared by local governments are deemed to be general purpose financial statements.

These changes will simplify local government reporting requirements and come into effect for the year ended 30 June 2023. This is on top of the welcome Tranche 1 changes introduced for the 2021-22 reporting period being the removal of the requirement for the annual financial report to include financial ratios and an auditor's opinion on financial ratios, significant adverse trends and matters of non-compliance. The two audits that remain outstanding from the 2021-22 year will be finalised on the basis of previous reporting requirements.

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## Recommendation

6. The DLGSC should continue to work with local government stakeholders to ensure regulatory reform and support model financial accounts to ensure they remain relevant and appropriate for the sector for the 2023-24 financial year and beyond. Any learnings or further amendments that may be needed should be well considered and promptly applied.

### Response from the DLGSC

The DLGSC acknowledges the significance of ensuring that our practices remain appropriate and forward-looking. The DLGSC is fully dedicated to working closely with the local governments and sector bodies to continue refining and enhancing the model financial statements guidance materials and templates.





The OAG's suggestion regarding the need for ongoing review and adaptation of the model financial statements is noted. The DLGSC agrees that a proactive approach to learning from our experiences and making necessary adjustments is crucial. Dedicated resources have been allocated to regularly assess the relevance and appropriateness of guidance materials and templates on an annual basis. Any required amendments will be well-considered and promptly implemented to ensure the highest standards of accuracy and utility. The DLGSC is presently progressing a procurement process to appoint a consultant for a three-year period with a two, one-year extension option.




## Appendix 1: Status and timeliness of audits



Audit opinions issued to 146 of 148 entities for 2021-22 by 30 June 2023 are listed below.











The table lists each entity in alphabetical order, as well as the type of opinion they received, when the opinion was issued, whether the entity submitted their financial statements by the statutory deadline and our assessment whether these statements were audit ready. Assessment of audit readiness included factors such as whether the financial statements submitted were complete and if material adjustments were required to these.

### Key

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

Financial statement (FS) timeliness	
Received by statutory deadline of 30 September 2022	
Extension to the statutory deadline was granted and met	
Extension or statutory deadline was not met	

Audit readiness	
Financial statements submitted and assessed audit ready	
Financial statements submitted and assessed as not audit ready	

	Entity	Type of opinion	Opinion issued	FS timeliness	Audit readiness
1	Bunbury-Harvey Regional Council		13/12/2022		
2	City of Albany		24/11/2022		
3	City of Armadale		16/03/2023		
4	City of Bayswater		06/04/2023		
5	City of Belmont		16/12/2022		
6	City of Bunbury		12/12/2022		
7	City of Busselton		16/11/2022		
8	City of Canning		1/12/2022		
9	City of Cockburn		9/12/2022		
10	City of Fremantle		5/04/2023		

	Entity	Type of opinion	Opinion issued	FS timeliness	Audit readiness
11	City of Gosnells	✓	17/11/2022	🟢	🟢
12	City of Greater Geraldton	✓	15/12/2022	🟢	🟢
13	City of Joondalup	⚠️	20/12/2022	🟢	🔴
14	City of Kalamunda	✗	2/12/2022	🟢	🟢
15	City of Kalgoorlie-Boulder	✓	17/04/2023	🟢	🔴
16	City of Karratha	⚠️	25/05/2023	🟢	🔴
17	City of Kwinana	✓	14/12/2022	🟢	🟢
18	City of Mandurah	✗	18/04/2023	🟡	🟢
19	City of Melville	✓	9/12/2022	🟢	🟢
20	City of Nedlands	✓	21/04/2023	🟢	🔴
21	City of Perth	✓	7/12/2022	🟢	🟢
22	City of Rockingham	⚠️	22/11/2022	🟢	🟢
23	City of South Perth	✓	29/11/2022	🟢	🔴
24	City of Stirling	✓	20/12/2022	🟢	🔴
25	City of Subiaco	✓	18/11/2022	🔴	🔴
26	City of Swan	✓	23/11/2022	🟢	🟢
27	City of Vincent	✓	12/12/2022	🟢	🟢
28	City of Wanneroo	✓	5/12/2022	🟢	🔴
29	Eastern Metropolitan Regional Council	✓	11/10/2022	🟢	🟢
30	Mindarie Regional Council	✓	5/12/2022	🟢	🔴
31	Murchison Regional Vermin Council	✓	16/12/2022	🟢	🟢
32	Pilbara Regional Council	⚠️	30/11/2022	🟢	🔴
33	Resource Recovery Group*	✓	16/12/2022	🟢	🟢
34	Rivers Regional Council	⚠️	21/12/2022	🟢	🟢
35	Shire of Ashburton	✓	18/04/2023	🟢	🔴
36	Shire of Augusta-Margaret River	✓	7/12/2022	🟢	🟢
37	Shire of Beverley	✓	25/10/2022	🟢	🟢
38	Shire of Boddington	✓	8/12/2022	🟢	🟢
39	Shire of Boyup Brook	✗	17/04/2023	🔴	🔴
40	Shire of Bridgetown-Greenbushes	✓	8/12/2022	🟢	🟢
41	Shire of Brookton	✓	21/12/2022	🟢	🟢

	Entity	Type of opinion	Opinion issued	FS timeliness	Audit readiness
42	Shire of Broome	✓	14/04/2023	Ⓜ	Ⓜ
43	Shire of Broomehill-Tambellup	✓	03/04/2023	Ⓜ	Ⓜ
44	Shire of Bruce Rock	✓	14/12/2022	Ⓜ	Ⓜ
45	Shire of Capel	✓	12/12/2022	Ⓜ	Ⓜ
46	Shire of Carnamah	✓	21/04/2023	Ⓜ	Ⓜ
47	Shire of Carnarvon	✓	01/03/2023	Ⓜ	Ⓜ
48	Shire of Chapman Valley	✓	12/12/2022	Ⓜ	Ⓜ
49	Shire of Chittering	✓	20/12/2022	Ⓜ	Ⓜ
50	Shire of Christmas Island	✓	17/04/2023	Ⓜ	Ⓜ
51	Shire of Cocos (Keeling) Islands	✓	20/12/2022	Ⓜ	Ⓜ
52	Shire of Collie	✓	21/03/2023	Ⓜ	Ⓜ
53	Shire of Coolgardie	✓	17/12/2022	Ⓜ	Ⓜ
54	Shire of Coorow	✓	16/12/2022	Ⓜ	Ⓜ
55	Shire of Corrigin	✓	18/04/2023	Ⓜ	Ⓜ
56	Shire of Cranbrook	✓	2/12/2022	Ⓜ	Ⓜ
57	Shire of Cuballing	✓	18/04/2023	Ⓜ	Ⓜ
58	Shire of Cue	✓	15/12/2022	Ⓜ	Ⓜ
59	Shire of Cunderdin	✓	28/04/2023	Ⓜ	Ⓜ
60	Shire of Dalwallinu	✓	16/12/2022	Ⓜ	Ⓜ
61	Shire of Dandaragan	✓	22/11/2022	Ⓜ	Ⓜ
62	Shire of Dardanup	✓	9/12/2022	Ⓜ	Ⓜ
63	Shire of Denmark	✓	14/04/2023	Ⓜ	Ⓜ
64	Shire of Derby-West Kimberley	✓	18/04/2023	Ⓜ	Ⓜ
65	Shire of Donnybrook-Balingup	✓	21/12/2022	Ⓜ	Ⓜ
66	Shire of Dowerin	✓	6/12/2022	Ⓜ	Ⓜ
67	Shire of Dumbleyung	✓	20/12/2022	Ⓜ	Ⓜ
68	Shire of Dundas	✓	19/12/2022	Ⓜ	Ⓜ
69	Shire of East Pilbara	✓	17/05/2023	Ⓜ	Ⓜ
70	Shire of Esperance	✓	22/11/2022	Ⓜ	Ⓜ
71	Shire of Exmouth	✓	14/12/2022	Ⓜ	Ⓜ
72	Shire of Gingin	✓	12/12/2022	Ⓜ	Ⓜ



	Entity	Type of opinion	Opinion issued	FS timeliness	Audit readiness
73	Shire of Gnowangerup	✓	29/11/2022	🕒	🕒
74	Shire of Goomalling	✗	14/04/2023	🕒	🕒
75	Shire of Halls Creek	✓	18/04/2023	🕒	🕒
76	Shire of Harvey	✓	14/12/2022	🕒	🕒
77	Shire of Irwin	⚠	05/05/2023	🕒	🕒
78	Shire of Jerramungup	✓	9/12/2022	🕒	🕒
79	Shire of Katanning	✓	14/12/2022	🕒	🕒
80	Shire of Kellerberrin	✓	2/12/2022	🕒	🕒
81	Shire of Kent	⚠	21/12/2022	🕒	🕒
82	Shire of Kojonup	✓	04/04/2023	🕒	🕒
83	Shire of Kondinin	✓	16/12/2022	🕒	🕒
84	Shire of Koorda	⚠	20/12/2022	🕒	🕒
85	Shire of Kulin	✓	21/12/2022	🕒	🕒
86	Shire of Lake Grace	✓	16/12/2022	🕒	🕒
87	Shire of Laverton	✓	31/03/2023	🕒	🕒
88	Shire of Leonora	✓	16/12/2022	🕒	🕒
89	Shire of Manjimup	✓	30/11/2022	🕒	🕒
90	Shire of Meekatharra	✓	16/12/2022	🕒	🕒
91	Shire of Menzies	⚠	16/12/2022	🕒	🕒
92	Shire of Merredin	⚠	20/12/2022	🕒	🕒
93	Shire of Mingenew	✓	9/12/2022	🕒	🕒
94	Shire of Moora	✓	13/04/2023	🕒	🕒
95	Shire of Morawa	✓	6/12/2022	🕒	🕒
96	Shire of Mount Magnet	✗	17/04/2023	🕒	🕒
97	Shire of Mount Marshall	⚠	17/04/2023	🕒	🕒
98	Shire of Mukinbudin	✓	9/12/2022	🕒	🕒
99	Shire of Mundaring	✓	14/12/2022	🕒	🕒
100	Shire of Murchison	✓	16/05/2023	🕒	🕒
101	Shire of Murray	✓	25/11/2022	🕒	🕒
102	Shire of Nannup	✗	27/04/2023	🕒	🕒
103	Shire of Narembeen	✓	20/04/2023	🕒	🕒

	Entity	Type of opinion	Opinion issued	FS timeliness	Audit readiness
104	Shire of Narrogin	✓	20/12/2022	🟢	🔴
105	Shire of Ngaanyatjaraku	✓	16/12/2022	🟡	🟢
106	Shire of Northam	✓	16/12/2022	🟢	🟢
107	Shire of Northampton	✓	9/12/2022	🟢	🟢
108	Shire of Nungarin	✓	16/03/2023	🟢	🟢
109	Shire of Peppermint Grove	✓	15/12/2022	🟢	🔴
110	Shire of Perenjori	✓	24/01/2023	🟢	🟢
111	Shire of Pingelly	✓	13/12/2022	🟢	🟢
112	Shire of Plantagenet	✗	20/04/2023	🔴	🔴
113	Shire of Quairading	✓	16/03/2023	🟢	🔴
114	Shire of Ravensthorpe	✓	27/02/2022	🟡	🔴
115	Shire of Sandstone	✗	2/05/2023	🔴	🔴
116	Shire of Serpentine-Jarrahdale	✓	8/04/2022	🟢	🔴
117	Shire of Shark Bay	✓	24/03/2022	🟢	🔴
118	Shire of Tammin	✓	29/11/2022	🟢	🔴
119	Shire of Three Springs	✓	12/12/2022	🟢	🟢
120	Shire of Trayning	✓	5/04/2022	🟢	🔴
121	Shire of Upper Gascoyne	✓	8/12/2022	🟢	🟢
122	Shire of Victoria Plains	✓	16/12/2022	🟢	🟢
123	Shire of Wagin	✓	12/12/2022	🟢	🟢
124	Shire of Wandering	✓	01/03/2023	🟢	🟢
125	Shire of Waroona	✓	15/11/2022	🟢	🟢
126	Shire of West Arthur	✓	15/02/2023	🟢	🟢
127	Shire of Westonia	✓	14/04/2023	🟢	🔴
128	Shire of Wickelup	✓	19/04/2023	🟢	🔴
129	Shire of Williams	✓	20/02/2023	🟢	🔴
130	Shire of Wiluna	✗	19/06/2023	🟢	🟢
131	Shire of Wongan-Ballidu	✓	22/12/2022	🟢	🟢
132	Shire of Woodanilling	✗	22/12/2022	🟢	🟢
133	Shire of Wyalkatchem	✓	23/11/2022	🟢	🔴
134	Shire of Wyndham-East Kimberley	✓	01/03/2023	🟢	🟢

	Entity	Type of opinion	Opinion issued	FS timeliness	Audit readiness
135	Shire of Yilgarn	✓	01/03/2023	🟢	🔴
136	Shire of York	✓	06/04/2023	🟢	🔴
137	Tamala Park Regional Council	✓	6/10/2022	🟢	🟢
138	Town of Bassendean	✓	10/02/2023	🟢	🔴
139	Town of Cambridge	✓	30/06/2023	🔴	🔴
140	Town of Claremont	✓	10/03/2023	🟢	🔴
141	Town of Cottesloe	✓	6/04/2023	🟢	🟢
142	Town of East Fremantle	✓	28/11/2022	🟢	🟢
143	Town of Mosman Park	✓	20/12/2022	🟢	🟢
144	Town of Port Hedland	✓	8/12/2022	🟢	🟢
145	Town of Victoria Park	✓	14/04/2023	🟢	🔴
146	Western Metropolitan Regional Council	✓	29/11/2022	🟢	🔴

Source: OAG

\* Resource Recovery Group previously known as Southern Metropolitan Regional Council.

### Outstanding audits at 30 June 2023

	Entity	Balance date	Reason for delay
1	Shire of Toodyay	30 June 2022	The 2021 audit was significantly delayed and signed off only on 2 June 2023. The 2022 audit is delayed as the Shire is still in the midst of addressing the significant challenges with their financial system and are not able to provide complete and accurate records for audit purposes.
2	Shire of Yalgoo	30 June 2022	Late finalisation of the 2021 audit, lack of audit readiness for 2022 audit resulting in supporting documentation only provided recently to auditors.

Source: OAG

## Response from the Shire of Narrogin

Annual financials accounts and reports were submitted on the 30 September 2022, in accordance with section 6.4(3) of the Local Government Act and at that time were balanced up to the last day of the preceding financial year.

Whilst our correspondence on the 30 September articulated final desktop revaluation figures being provided, the financials were balanced. There was no requirement to await the revalued assets as the Shire provided current asset valuations. In demonstrating transparency of our process the Shire communicated pending information that may or may not have required revision. There is no mandatory requirement for changing of these valuations at 30 September and could have been adjusted as part of the financial audit process, or in the current financial year for future audit purpose.

Therefore the financials were complete and balanced at the time of submission and 'ready for audit'. It is disappointing that at no time during the audit conversations including the final debrief that this perception of non-compliance was communicated by OAG. This subsequent correspondence on the 27 July 2023 was therefore surprising.

Whilst a subsequent update to Appendix 1 has been provided, the Shire still determines, that it provided balanced 'ready for audit' financials in accordance with the required deadline, the 30 September 2022 and section 6.4(3) of the Local Government Act.

## Appendix 2: 2020-21 disclaimers of opinion

Entity and opinion	Opinion issued
<p><b>Shire of Toodyay</b> – Disclaimer of opinion</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 2021.</p>	02/06/2023
<p><b>Shire of Wiluna</b> – Disclaimer of opinion</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 2021 and 30 June 2020.</p>	22/12/2022
<p><b>Shire of Yalgoo</b> – Disclaimer of opinion</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 2021 and 30 June 2020.</p>	18/04/2023

Source: OAG

### Appendix 3: 2021-22 qualified opinions

Entity	Details of qualification
<b>City of Kalamunda</b>	<p>The City has not recognised 969 assets under Infrastructure assets (Drains) in the financial report at 30 June 2022. These assets have been included in the City's Asset Management System at nil values however, they were never recorded in the Fixed Assets Register and revalued to their fair value. As these assets have not been recognised in the financial report at fair value in accordance with <i>Regulation 17A(2)(a) of the Local Government (Financial Management) Regulations 1996</i>, we are unable to determine the extent to which Infrastructure – Drains balance reported in Note 9 of the financial report at \$123,730,140 at 30 June 2022 (2021: \$124,550,736) is misstated, as it is impracticable to do so.</p> <p>Additionally, there is a consequential impact on Depreciation, Infrastructure, Revaluation Surplus and Retained Earnings.</p>
<b>City of Mandurah</b>	<p>As detailed in Notes 8 and 9 to the financial report, at 30 June 2022 the total carrying value of the City's property, plant and equipment assets was \$272.2 million and infrastructure assets was \$761.9 million. For property, plant and equipment and infrastructure recorded at fair value, any movements are recognised in revaluation surplus, the balance of which was \$808.7 million at 30 June 2022. For the year ended 30 June 2022, the City recognised a depreciation expense of \$32.4 million and changes in the asset revaluation surplus of \$97.0 million in relation to these assets in the Statement of Comprehensive Income by Nature or Type.</p> <p>Management have indicated that there are gaps in their control processes, and they are not confident with the overall completeness of their fixed asset register at 30 June 2022.</p> <p>Consequently, we were unable to obtain sufficient appropriate audit evidence that all property, plant and equipment and infrastructure had been recorded and valued nor could we confirm this by alternative means. We are therefore unable to determine whether any adjustments to property, plant and equipment, infrastructure, revaluation surplus, depreciation expense and changes in asset revaluation surplus were necessary.</p>
<b>Shire of Boyup Brook</b>	<p>Biological assets –</p> <p>During 2020-21, we were unable to obtain sufficient appropriate audit evidence to verify the opening balance of biological assets nor were we able to confirm it by alternative means. Since the opening balance of biological assets for the year ended 30 June 2021 affects the determination of operations, we were unable to determine whether any adjustments to the Net result for the year ended 30 June 2021 was necessary. The opinion on the financial report for the period ended 30 June 2021 was modified accordingly.</p> <p>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 Goomalling</b>	<p>Roads, drainage and footpaths reported at values of \$38,834,816 (2021: \$37,561,502), \$2,194,289 (2021: \$2,235,092) and \$732,466 (2021: \$756,040) respectively in Note 8 (a) of the financial report as at 30 June 2022 were not revalued as required by <i>Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996</i> since 2014-15. Consequently, we are unable to determine the extent to which the net carrying amount of these classes of assets is misstated, as it was impracticable to do so. Additionally, we are unable to</p>

Entity	Details of qualification
	determine whether there may be any consequential impact on Depreciation, Revaluation Surplus, Retained Earnings and Note 23 (d) Total Assets Classified by Function and Activity.
<b>Shire of Mount Magnet</b>	The Shire's operating grants, subsidies and contributions of \$2,650,673, Capital grants, subsidies and contributions of \$521,726 reported in Note 2 (a) and Contract Liabilities of \$110,545 reported within Note 12 of the financial report as at 30 June 2022 were not assessed in accordance with the requirements of AASB 15 <i>Revenue from Contracts with Customers</i> or AASB 1058 <i>Income of Not-for-Profit Entities</i> . We are unable to determine the extent to which these amounts are misstated. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.
<b>Shire of Nannup</b>	Infrastructure reported at the carrying value of \$100,707,176 in the financial report as at 30 June 2022 has not been revalued as required by Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 since 2016-17. Consequently, we were unable to determine the extent to which the carrying amount of Infrastructure is misstated, as it was impracticable to do so. Additionally, we were unable to determine whether there may be any consequential impact on Revaluation Surplus and Note 21(d) Total Assets by Function and Activity.
<b>Shire of Plantagenet</b>	<p>The Shire has not valued 71 newly identified assets included under Other Infrastructure and Parks and Ovals in the financial report at 30 June 2022 at fair value in accordance with Regulation 17A(2)(a) of the Local Government (Financial Management) Regulations 1996. Consequently, we were unable to determine the extent to which Infrastructure – Other Infrastructure and Infrastructure – Parks and Ovals balances reported in Note 9(a) of the financial report for \$16,954,536 and \$6,792,411 respectively as at 30 June 2022 are misstated, as it is impracticable to do so.</p> <p>Additionally, we were unable to determine whether there may be any consequential impact on Depreciation, Accumulated Depreciation, Revaluation Surplus and Retained Earnings.</p> <p>Furthermore, the Shire has not disclosed, in the financial report at 30 June 2022, the nature and amount of any corrections that may be required to prior periods for each of the financial statement line items affected by the matter above, as required by AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>. We were unable to determine the extent of the misstatements, as it is impracticable to do so.</p>
<b>Shire of Sandstone</b>	Road and footpaths infrastructure assets – The opinion was qualified in the prior period because the Shire had not revalued its roads and footpaths infrastructure assets stated at \$37,755,629 and \$71,845 respectively with sufficient regularity or in accordance with Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996. The Shire was unable to make the appropriate corrections for these prior year figures in the current year. Consequently, the opinion on the current year financial report is modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures in Note 8 of the financial report.
<b>Shire of Wiluna</b>	Airport and Other Infrastructure Assets – The revaluations of the Shire's Airport and Other infrastructure assets reported at \$5,353,146 and \$2,284,337 respectively in Note 9(a) of the financial report as at 30 June 2022 were not supported with

Entity	Details of qualification
	<p>appropriate and complete accounting records. Consequently, I was unable to determine the extent to which the carrying amounts of Airports and Other infrastructure assets are misstated, as it was impracticable to do so. Additionally, I was unable to determine whether there may be any consequential impact on Depreciation, Revaluation Surplus and Note 25 (d) Total Assets Classified by Function and Activity.</p> <p>Financial report corresponding figures not supported with complete and accurate underlying records –</p> <p>A disclaimer of opinion was issued on the financial report for the year ended 30 June 2021 as the Shire’s financial report was not supported with complete and accurate underlying records. Consequently, we were unable to determine whether any adjustments were necessary to the comparative information for the year ended 30 June 2021.</p>
<p><b>Shire of Woodanilling</b></p>	<p>The Shire’s Land and Buildings, reported at values as at 30 June 2022 of \$498,000 and \$4,942,954 respectively in Note 8 of the annual financial report, were last valued in June 2017. Because the assets have not been revalued with sufficient regularity or in accordance with Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996, we were unable to determine whether Land and Buildings assets at 30 June 2022 of \$5,440,954 in the Statement of Financial Position is fairly stated. Additionally, we were unable to determine whether any adjustments are necessary to the related balances and disclosures of Revaluation Surplus in the Statement of Financial Position and Statement of Changes in Equity and Note 14, Other Comprehensive Income in the Statement of Comprehensive Income and Note 21(d) Total Assets Classified by Function and Activity, as it was impracticable to do so.</p>

Source: OAG



## Appendix 4: Emphasis of matters paragraphs included in auditor's reports

The following list describes the matters that we highlighted through EoM paragraphs in 2022 audit reports:

Entity	Description of emphasis of matter paragraphs
<b>City of Joondalup</b>	Restatement of comparative balances – The opinion draws attention to Note 30 of the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.
<b>City of Kalamunda</b>	Restatement of comparative balances – The opinion draws attention to Note 34 to the financial report, which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in the financial report. The opinion is not modified in respect of this matter.
<b>City of Karratha</b>	Restatement of comparative figures – We draw attention to Note 32 of the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.
<b>City of Rockingham</b>	Infrastructure assets revaluation – The opinion draws attention to Note 18 of the financial report which explains the basis for the significant infrastructure assets revaluation decrement in the year ended 30 June 2022. The opinion is not modified in respect of this matter.
<b>Pilbara Regional Council</b>	Basis of accounting – The opinion draws attention to Note 1(a) of the financial report, which discloses that the Council agreed to wind up Pilbara Regional Council. Consequently, the annual financial report has been prepared on a liquidation basis. The opinion is not modified in respect of this matter.
<b>Rivers Regional Council</b>	Basis of accounting – The opinion draws attention to Note 1(a) of the financial report, which discloses that the Council has decided to windup Rivers Regional Council. Consequently, the financial report has been prepared on a liquidation basis. The opinion is not modified in respect of this matter.
<b>Shire of Broome</b>	Restatement of comparative balances – The opinion draws attention to Note 31 to the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.
<b>Shire of Broomehill-Tambellup</b>	Restatement of comparative balances – The opinion draws attention to Note 29 to the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.
<b>Shire of Dalwallinu</b>	Restatement of comparative balances – The opinion draws attention to Note 28 to the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.

Entity	Description of emphasis of matter paragraphs
<b>Shire of Denmark</b>	Restatement of comparative balances – The opinion draws attention to Note 30 of the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.
<b>Shire of Derby – West Kimberley</b>	Restatement of comparative figures – The opinion draws attention to Note 27 of the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.
<b>Shire of Irwin</b>	Restatement of comparative balances – The opinion draws attention to Note 30 of the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.
<b>Shire of Kent</b>	Restatement of comparative balances – The opinion draws attention to Note 30 of the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.
<b>Shire of Koorda</b>	Restatement of comparative figures – The opinion draws attention to Note 25 of the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.
<b>Shire of Menzies</b>	Restatement of comparative balances – The opinion draws attention to Note 28 of the financial report which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.
<b>Shire of Merredin</b>	Restatement of comparative balances – The opinion draws attention to Note 26 of the financial report, which states that the amounts reported in the previously issued 30 June 2021 financial report have been restated and disclosed as comparatives in this financial report. The opinion is not modified in respect of this matter.
<b>Shire of Mount Marshall</b>	Basis of accounting - The opinion draws attention to Note 1 and 11 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act. Including the Local Government (Financial Management) Regulations 1996 (Regulations). The opinion is not modified in respect of these matters:  (i) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 <i>Leases</i> which would have required the entity to measure the vested improvements also at zero cost.  (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

Source: OAG

## Appendix 5: Material uncertainty related to going concern

Entity	Description
<b>Bunbury-Harvey Regional Council</b>	The opinion draws attention to Note 19 in the financial report which indicates that the Regional Council has a negative retained surplus as at 30 June 2022 and that all reserves would be required to be utilised to cover the liability for the capping of the landfill. As stated in Note 19, these events indicate that a material uncertainty exists that may cast significant doubt on the Regional Councils' ability to continue as a going concern. The opinion is not modified in respect of this matter.

Source: OAG

## Appendix 6: Certifications issued

In addition to annual auditor's reports, we issued the following 212 LRCI and RtR certifications as at 30 June 2023.

Entity	Date certification issued	
	Roads to Recovery Funding under the <i>National Land Transport Act 2014</i>	Local Roads and Community Infrastructure Program
City of Albany	31/10/2022	1/11/2022
City of Armadale	9/02/2023	9/02/2023
City of Bayswater	4/11/2022	Audit in progress
City of Belmont	26/10/2022	26/10/2022
City of Bunbury	21/10/2022	24/10/2022
City of Busselton	21/10/2022	25/10/2022
City of Canning	2/11/2022	2/11/2022
City of Cockburn	31/10/2022	31/10/2022
City of Fremantle	8/12/2022	28/02/2023
City of Gosnells	31/10/2022	31/10/2022
City of Greater Geraldton	27/10/2022	2/11/2022
City of Joondalup	23/11/2022	23/11/2022
City of Kalamunda	26/10/2022	31/10/2022
City of Kalgoorlie-Boulder	Audit in progress	Audit in progress
City of Karratha	1/11/2022	Audit in progress
City of Kwinana	4/11/2022	9/11/2022
City of Mandurah	1/11/2022	31/10/2022
City of Melville	2/11/2022	9/11/2022
City of Nedlands	Audit in progress	Audit in progress
City of Perth	4/11/2022	8/11/2022
City of Rockingham	12/12/2022	12/12/2022
City of South Perth	8/11/2022	10/11/2022
City of Stirling	23/10/2022	21/12/2022
City of Subiaco	1/11/2022	7/11/2022
City of Swan	1/11/2022	1/11/2022
City of Vincent	27/10/2022	31/10/2022
City of Wanneroo	2/11/2022	2/11/2022
Shire of Ashburton	4/11/2022	Audit in progress
Shire of Augusta-Margaret River	1/11/2022	2/11/2022
Shire of Beverley	31/10/2022	19/05/2023
Shire of Boddington	31/10/2022	23/03/2023
Shire of Boyup Brook	4/11/2022	Audit in progress

Entity	Date certification issued	
	Roads to Recovery Funding under the <i>National Land Transport Act 2014</i>	Local Roads and Community Infrastructure Program
Shire of Bridgetown-Greenbushes	7/11/2022	8/12/2022
Shire of Brookton	31/10/2022	1/11/2022
Shire of Broome	20/12/2022	10/02/2023
Shire of Broomehill-Tambellup	Audit in progress	Audit in progress
Shire of Bruce Rock	1/11/2022	14/06/2023
Shire of Capel	2/06/2023	7/06/2023
Shire of Carnamah	16/12/2022	Audit In progress
Shire of Carnarvon	2/11/2022	20/12/2022
Shire of Chapman Valley	31/10/2022	8/11/2022
Shire of Chittering	2/11/2022	23/05/2023
Shire of Christmas Island	Audit in progress	Audit in progress
Shire of Cocos (Keeling) Islands	15/12/2022	20/12/2022
Shire of Collie	31/01/2023	Audit in progress
Shire of Coolgardie	1/12/2022	1/12/2022
Shire of Coorow	24/11/2022	Audit in progress
Shire of Corrigin	23/10/2022	17/05/2023
Shire of Cranbrook	25/10/2022	2/11/2022
Shire of Cuballing	Audit in progress	Audit in progress
Shire of Cue	31/10/2022	Audit in progress
Shire of Cunderdin	27/06/2023	13/06/2023
Shire of Dalwallinu	31/10/2022	31/10/2022
Shire of Dandaragan	2/11/2022	3/11/2022
Shire of Dardanup	3/04/2023	3/04/2023
Shire of Denmark	25/10/2022	14/11/2022 6/02/2023 – Phase 3
Shire of Derby-West Kimberley	Audit in progress	Audit in progress
Shire of Donnybrook-Balingup	31/10/2022	7/03/2023
Shire of Dowerin	24/10/2022	5/04/2023
Shire of Dumbleyung	14/11/2022	7/12/2022
Shire of Dundas	30/10/2022	Audit in progress
Shire of East Pilbara	Audit in progress	Audit in progress
Shire of Esperance	23/06/2023	Audit in progress
Shire of Exmouth	1/03/2023	3/03/2023
Shire of Gingin	31/10/2022	29/06/2023
Shire of Gnowangerup	28/10/2022	31/01/2023
Shire of Goomalling	30/10/2022	Audit in progress

Entity	Date certification issued	
	Roads to Recovery Funding under the <i>National Land Transport Act 2014</i>	Local Roads and Community Infrastructure Program
Shire of Halls Creek	30/05/2023	Audit in progress
Shire of Harvey	2/11/2022	7/12/2022
Shire of Irwin	23/01/2023	28/02/2023
Shire of Jerramungup	27/10/2022	31/10/2022
Shire of Katanning	21/04/2023	Audit in progress
Shire of Kellerberrin	25/10/2022	10/05/2023
Shire of Kent	23/10/2022	24/10/2022
Shire of Kojonup	26/10/2022	Audit in progress
Shire of Kondinin	30/10/2022	Audit in progress
Shire of Koorda	9/11/2022	Audit in progress
Shire of Kulin	27/10/2022	10/11/2022
Shire of Lake Grace	25/10/2022	24/03/2023
Shire of Laverton	4/11/2022	Audit in progress
Shire of Leonora	27/10/2022	7/10/2022
Shire of Manjimup	Audit in progress	Audit in progress
Shire of Meekatharra	26/10/2022	26/10/2022
Shire of Menzies	3/11/2022	22/11/2022
Shire of Merredin	23/06/2023	9/03/2023
Shire of Mingenew	31/10/2022	14/11/2022
Shire of Moora	Audit in progress	Audit in progress
Shire of Morawa	26/10/2022	31/10/2022
Shire of Mount Magnet	Audit in progress	Audit in progress
Shire of Mount Marshall	14/04/2023	26/05/2023
Shire of Mukinbudin	1/11/2022	Audit in progress
Shire of Mundaring	20/03/2023	20/03/2023
Shire of Murchison	12/12/2022	Audit in progress
Shire of Murray	31/10/2022	21/06/2023
Shire of Nannup	18/11/2022	10/03/2023
Shire of Narembeen	18/05/2023	Audit in progress
Shire of Narrogin	27/10/2022	27/10/2022
Shire of Ngaanyatjaraku	22/12/2022	26/10/2022
Shire of Northam	16/11/2022	8/12/2022
Shire of Northampton	1/11/2022	11/05/2023
Shire of Nungarin	3/11/2022	Audit in progress
Shire of Peppermint Grove	Audit in progress	Audit in progress

Entity	Date certification issued	
	Roads to Recovery Funding under the <i>National Land Transport Act 2014</i>	Local Roads and Community Infrastructure Program
Shire of Perenjori	25/11/2022	25/11/2022
Shire of Pingelly	27/10/2022	24/11/2022
Shire of Plantagenet	3/11/2022	31/10/2022
Shire of Quairading	Audit in progress	Audit in progress
Shire of Ravensthorpe	16/12/2022	2/05/2023
Shire of Sandstone	31/10/2022	Audit in progress
Shire of Serpentine-Jarrahdale	31/10/2022	17/05/2023
Shire of Shark Bay	27/10/2022	27/10/2022
Shire of Tammin	26/10/2022	22/12/2022
Shire of Three Springs	1/11/2022	Audit in progress
Shire of Toodyay	Audit in progress	Audit in progress
Shire of Trayning	16/02/2023	Audit in progress
Shire of Upper Gascoyne	24/10/2022	26/10/2022 1/11/2022 – Phase 3
Shire of Victoria Plains	1/11/2022	7/11/2022
Shire of Wagin	27/10/2022	22/12/2022
Shire of Wandering	Audit in progress	Audit in progress
Shire of Waroona	27/10/2022	21/12/2022
Shire of West Arthur	25/10/2022	28/11/2022
Shire of Westonia	1/11/2022	23/06/2023
Shire of Wickopin	25/10/2022	Audit in progress
Shire of Williams	3/04/2023	3/04/2023
Shire of Wiluna	Audit in progress	Audit in progress
Shire of Wongan-Ballidu	26/10/2022	26/10/2022
Shire of Woodanilling	31/10/2022	14/03/2023
Shire of Wyalkatchem	24/10/2022	14/11/2022
Shire of Wyndham-East Kimberley	Audit in progress	Audit in progress
Shire of Yalgoo	Audit in progress	Audit in progress
Shire of Yilgarn	8/11/2022	Audit in progress
Shire of York	Audit in progress	Audit in progress
Town of Bassendean	31/10/2022	3/11/2022
Town of Cambridge	Audit in progress	Audit in progress
Town of Claremont	18/05/2023	Audit in progress
Town of Cottesloe	17/04/2023	Audit in progress
Town of East Fremantle	27/10/2022	21/12/2022

Entity	Date certification issued	
	Roads to Recovery Funding under the <i>National Land Transport Act 2014</i>	Local Roads and Community Infrastructure Program
Town of Mosman Park	4/11/2022	10/11/2022
Town of Port Hedland	Audit in progress	Audit in progress
Town of Victoria Park	1/05/2023	12/05/2023

Source: OAG

We issued the following certifications regarding pensioner deferments:

Entity	Date certification issued
Claims by administrative authorities – Pensioner deferments under the <i>Rates and Charges (Rebates and Deferments) Act 1992</i>	
City of Belmont	22/12/2022
City of Busselton	31/10/2022
City of Gosnells	31/01/2023
City of Joondalup	31/10/2022
City of Kalamunda	15/02/2023
City of South Perth	17/02/2023
City of Vincent	22/11/2022
Shire of Brookton	Audit in progress
Shire of Dandaragan	Audit in progress
Shire of Narrogin	2/02/2023
Shire of York	Audit in progress
Town of Cambridge	Audit in progress
Town of Mosman Park	22/12/2022

Source: OAG

We also issued the following three other certifications:

Entity certification	Date certification issued
Other certifications	
City of Bunbury – Regional Exhibition Tourist Boost	19/12/2022
City of Kalamunda – Development Contribution Area 1 – Forrestfield Light Industrial Area – Stage 1	31/01/2023
Shire of Dandaragan – Jurien Bay Civic Centre Outgoings for DBCA Tenancy	8/11/2022

Source: OAG



## Appendix 7: Other opinions and certifications issued since 22 December 2022

### Opinions

Entity	Opinion relates to	Opinion issued
Family Court of Western Australia	Audit report on the Statement of Financial Position at 30 June 2022	6/07/2023
Edith Cowan University	Higher Education Research Data Collection	28/06/2023
Curtin University	Higher Education Research Data Collection	29/06/2023
Murdoch University	Higher Education Research Data Collection	29/06/2023
University of Western Australia	Higher Education Research Data Collection	26/06/2023

Source: OAG

### Certifications

The following certifications were for the year ended 30 June 2022. The statements prepared by management were confirmed and no adverse reports were issued.







Entity	Certification relates to	Approved projects	Opinion issued
Public Transport Authority	Statement of Receipts and Expenditure Under the National Partnership Agreement on Land Transport Infrastructure Projects	Perth to Bunbury Faster Rail Business Case Platform and Signalling Upgrade Program METRONET: Bellevue Depot Relocation METRONET: Denny Avenue Level Crossing Removal METRONET: Midland Station Project METRONET: Morley-Ellenbrook Line METRONET: Thornlie-Cockburn Link METRONET: Yanchep Rail Extension METRONET: Lakelands Business Case METRONET: Business Case Development Karel Avenue Bridge Over Rail Nicholson Road Grade Separation Lakelands Station Delivery Mandurah Station Parking Bays	02/06/2023

































Source: OAG

## Appendix 8: Completion of 2020-21 local government entity audits

Outstanding 2020-21 local government entities audited since last audit results report.

### Key

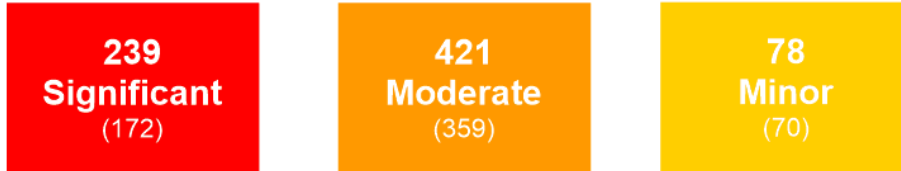
Type of audit opinion		Financial statement (FS) timeliness	
Clear		Received by the statutory deadline of 30 September 2022	
Clear opinion with emphasis of matter or matter of significance paragraph		Extension to the statutory deadline was granted and met	
Qualified or a disclaimer of opinion		Extension or statutory deadline was not met	

Entity	Type of opinion	Opinion issued	FS timeliness
City of Bayswater		02/09/2022	
City of Fremantle		05/05/2022	
Shire of Ashburton		22/12/2022	
Shire of Boyup Brook		06/09/2022	
Shire of Broomehill-Tambellup		02/08/2022	
Shire of Carnarvon		11/10/2022	
Shire of Derby-West Kimberley		10/10/2022	
Shire of Merredin		09/08/2022	
Shire of Moora		17/08/2022	
Shire of Murchison		02/08/2022	
Shire of Ravensthorpe		28/07/2022	
Shire of Toodyay		02/06/2023	
Shire of Wiluna		22/12/2022	
Shire of Woodanilling		06/07/2022	
Shire of Yalgoo		18/04/2023	
Town of Cambridge		29/03/2023	

Source: OAG

**Audit results**

The information below represents the updated information from that previously reported in the 2020-21 local government results report, now that the 16 outstanding local government entity audits have been completed.



Source: OAG



Source: OAG

*Note: The numbers in brackets are the figures reported at August 2022.*

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**Auditor General's 2023-24 reports**

Number	Title	Date tabled
3	Financial Audit Results – Local Government 2021-22	23 August 2023
2	Electricity Generation and Retail Corporation (Synergy)	9 August 2023
1	Requisitioning of COVID-19 Hotels	9 August 2023

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## 11.2 Operations

### 11.2.1 Department of Water and Environmental Regulation Annual 2022-2023 Waste Plan Report

<b>Responsible Executive</b>	Chief Operations Officer
<b>Author</b>	Waste Services Manager
<b>Attachments</b>	1. Waste Plan Report 2022-23 <a href="#">↓</a>

#### RECOMMENDATION

The Committee recommends Council:

- (1) ENDORSES the City of Cockburn's 2023 Waste Plan submission to the Department of Water and Environmental Regulation.

#### Background

In 2019, the Department of Water and Environmental Regulation (DWER) required all local governments to prepare and submit Waste Plan Reports annually.

Waste Plans and annual reports are intended to be live documents reflecting the services being delivered by local governments.

Maintaining an up-to-date Waste Plan was to allow local governments to demonstrate that they are continually working towards delivering waste services consistent with the State Waste Strategy.

Annual reporting on the implementation of actions in the City of Cockburn's Waste Plan, and on any new waste actions being implemented, is a requirement under the *Waste Avoidance and Resource Recovery Act 2007* (WARR Act).

The report allows DWER to make an assessment on whether the City of Cockburn is delivering, or making progress towards delivering, services that are consistent with the Waste Avoidance and Resource Recovery Strategy 2030 (State Waste Strategy), which is also a requirement under the WARR Act.

#### Submission

NA

#### Report

The Waste Report lists a series of actions and milestones under the following 6 key principles:

1. Waste Services
2. Waste Infrastructure
3. Policy and Procurement
4. Data
5. Behavioural Change Programs and Initiatives
6. Other.



Each action requires a progress update, a status update and completion dates to be populated. This year's report also required additional information on the following three key elements.

1. **Food Organics and Garden Organics (FOGO) target (for Perth and Peel local governments)** - Has your local government implemented FOGO in the 2022-23 financial year, or will be implementing a consistent three bin kerbside collection system that includes separation of FOGO by 2025?
2. **Energy recovery target** - Is your local government intending to recover energy from waste? If so, will the energy be recovered from residual waste as per its definition in the waste strategy?
3. **Better practice target** - Is or will your local government be managing and disposing of waste using better practice approaches by 2030?

Information has been populated against each action and additional questions along with the delivery / completion timelines. Tracking is in accordance with the City's Waste Strategy 2020 – 2030 proposed timeframes with any adjustments in consultation with the department.

### **Strategic Plans/Policy Implications**

#### Environmental Responsibility

A leader in environmental management that enhances and sustainably manages our local natural areas and resources.

- Sustainable resource management including waste, water and energy.

### **Budget/Financial Implications**

All actions in the Waste Strategy 2020-2030 are funded through annual operational budgets.

### **Legal Implications**

Compliance with the Waste Avoidance and Resource Recovery Act 2007 (WARR Act)

### **Community Consultation**

NA

### **Risk Management Implications**

Failure to adopt the recommendation could result in a breach of the WARR Act 2007.

### **Advice to Proponent(s)/Submitters**

N/A

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

Nil



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Department of Water and Environmental Regulation

Waste Plan Reporting  
Waste Plan Report 2022-23

Local Government Name: City of Cockburn

<b>Waste Plan Report Status</b>	Draft
<b>Reporting Period</b>	2022-23
<b>Submission ID</b>	WPR2022-23-0001071
<b>Date Lodged</b>	

Reporter Details		Approver Details
<b>Name</b>	Lyall Davieson	
<b>Position</b>	Waste Manager	
<b>Email</b>	ldavieson@cockburn.wa.gov.au	

### Waste Services

Waste Plan Actions & Milestones	Progress	Action Status	Anticipated Commencement Date	Anticipated Completion Date	Completion Date
<b>Conduct commercial food waste trial</b>	<b>Complete</b>	<b>Delayed</b>		<b>31/12/2020</b>	<b>7/12/2021</b>
==> Training of businesses to commence	Complete			30/06/2020	30/06/2020
==> Bins to be provided and trial commenced	Complete			31/07/2020	31/12/2020
==> Commercial food waste trial to be completed	Complete			30/11/2020	30/12/2021
<b>Consult community for an on-demand verge collection service</b>	<b>In progress</b>	<b>Delayed</b>		<b>18/12/2023</b>	
==> Develop consultation plan by 1 July 2020 in association with Community Engagement Team.	Complete			30/06/2020	29/06/2022
<b>Continue to implement Public Place Recycling rollout</b>	<b>In progress</b>	<b>On track</b>		<b>31/12/2026</b>	
==> Bins to be ordered by 1 Jan annually and to be installed by 30 June annually	In progress			28/06/2024	
==> \$50k p.a. requested by budget deadline annually	In progress			30/12/2026	



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<b>Develop business case to introduce financial incentives for uptake of 140L general waste bins</b>	<b>Complete</b>	<b>On track</b>	<b>3/07/2023</b>	<b>30/06/2024</b>	<b>17/07/2023</b>
==> Develop business case and report to Council on costs and benefits of reducing size of general waste bins to 140L for properties on 2 bin system	Complete			30/06/2023	17/07/2023
==> If approved by Council, coordinate rollout of 140L general waste bin	Complete			29/06/2024	17/07/2023
<b>Residual waste is sent to waste to energy facility</b>	<b>Not commenced</b>	<b>On track</b>	<b>29/01/2024</b>	<b>29/01/2044</b>	
==> Deliveries of residual waste to East Rockingham Waste to Energy facility commence	Not commenced			15/01/2024	
==> Deliveries of residual waste to East Rockingham Waste to Energy Facility continue	Not commenced			31/12/2026	
<b>Revise the 2023 FOGO Feasibility Report in the 2024/25 financial year</b>	<b>Not commenced</b>	<b>On track</b>	<b>16/04/2025</b>	<b>17/09/2025</b>	
==> Revised 2023 FOGO feasibility study commences	Not commenced			16/04/2025	
==> Revised 2023 FOGO feasibility study completed	Not commenced			17/09/2025	
<b>Undertake a FOGO feasibility assessment in the 2022/23 financial year</b>	<b>Complete</b>	<b>On track</b>	<b>19/09/2022</b>	<b>30/06/2025</b>	<b>25/07/2023</b>
==> Feasibility study to be commissioned	Complete			31/08/2022	31/08/2022
==> Feasibility study to be completed	Complete			25/07/2023	25/07/2023

### Waste Infrastructure

Waste Plan Actions & Milestones	Progress	Action Status	Anticipated Commencement Date	Anticipated Completion Date	Completion Date
<b>Continue to invest in onsite renewable energy generation</b>	<b>In progress</b>	<b>On track</b>		<b>31/12/2026</b>	
==> Consider options post capping of cell 6	In progress			31/12/2024	
<b>Develop strategies to attract waste tonnes to fully utilise available airspace</b>	<b>Complete</b>	<b>On track</b>		<b>31/12/2026</b>	<b>3/01/2022</b>
==> Develop strategies to attract waste tonnes to fully utilise available airspace	Complete			31/12/2022	31/01/2022
<b>Manage and reduce leachate volumes in accordance with the Leachate Strategy</b>	<b>In progress</b>	<b>On track</b>		<b>31/12/2026</b>	
==> Cell 6 capping to be complete	Complete			31/12/2020	2/11/2020
==> Manage and reduce leachate volumes in accordance with the Leachate Strategy	In progress			28/06/2024	



Government of Western Australia  
Department of Water and Environmental Regulation

Waste Plan Reporting  
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<b>Plan and open the Cockburn Resource Recovery Precinct at the Henderson Waste Recovery Park site</b>	<b>In progress</b>	<b>On track</b>		<b>13/01/2025</b>	
==> Detailed design to be completed	In progress			1/05/2024	
==> New site to be completed	In progress			13/01/2025	
<b>Post closure management of Cells 1-7</b>	<b>In progress</b>	<b>On track</b>	<b>1/07/2024</b>	<b>31/12/2026</b>	
==> As cells are covered and capped, post closure management reviews to commence	In progress			30/04/2025	
<b>Purchase second hand front lift vehicle and front lift bins to service commercial properties</b>	<b>Superseded</b>	<b>Not Applicable</b>	<b>27/06/2025</b>	<b>30/06/2025</b>	
==> Budget request to be included by deadline	Superseded			1/09/2022	
==> Front lift vehicles and bins operational	Superseded			30/09/2022	
<b>Relining of leachate ponds A and B</b>	<b>Not commenced</b>	<b>On track</b>	<b>30/06/2028</b>	<b>31/12/2035</b>	
==> Pond liners to be replaced after 23 years	Not commenced			30/12/2035	
<b>Undertake a feasibility study for the use of hydrogen powered waste trucks</b>	<b>Complete</b>	<b>On track</b>		<b>30/06/2026</b>	<b>31/10/2020</b>
==> Study to be delivered	Complete			30/06/2020	31/10/2020

Policy and Procurement

Waste Plan Actions & Milestones	Progress	Action Status	Anticipated Commencement Date	Anticipated Completion Date	Completion Date
<b>City tender documents consider reuse of recycled products e.g. road base</b>	<b>Complete</b>	<b>On track</b>		<b>30/12/2026</b>	<b>30/06/2022</b>
==> Working group members to be identified and approached	Complete			31/01/2022	1/01/2022
==> Develop working group to consider how best to encourage inclusion of recycled products into tenders and RFQ's	Complete			30/12/2026	1/01/2022
<b>Trial the use of an electric waste truck.</b>	<b>Complete</b>	<b>On track</b>		<b>30/06/2021</b>	<b>30/04/2021</b>
==> Electric vehicle to be in operation	Complete			30/06/2020	1/05/2021



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Waste Plan Report 2022-23

Data

Waste Plan Actions & Milestones	Progress	Action Status	Anticipated Commencement Date	Anticipated Completion Date	Completion Date
<b>Conduct a waste audit to determine concentrations of organics of C &amp; D and C &amp; I at HWRP</b>	Superseded	Not Applicable	30/06/2025	30/06/2025	
==> Report delivered	Superseded			29/06/2025	
==> Consultant to be appointed	Superseded			30/06/2025	
<b>Investigate deployment of technology to assist in the reduction of illegal dumping.</b>	Complete	On track		30/06/2023	1/07/2022
==> Feasibility study to commence	Complete			1/07/2021	30/06/2022
==> Feasibility study to be completed	Complete			30/06/2022	30/06/2022
<b>Report greenhouse gas emissions from HWRP via NGRS</b>	In progress	On track		31/12/2026	
==> All waste volumes and methane production figures to be prepared by end of financial year annually.	In progress			31/12/2026	

Behaviour change programs and initiatives

Waste Plan Actions & Milestones	Progress	Action Status	Anticipated Commencement Date	Anticipated Completion Date	Completion Date
<b>Continue bin tagging program with team of Community Waste Education Officers</b>	In progress	On track		31/12/2026	
==> Bin tagging plan to be approved by Waste Manage	Complete			30/06/2020	30/06/2022
==> Bin tagging implemented	In progress			30/12/2026	
<b>Continue to deliver schools waste education program in alignment with WasteWise Schools Program</b>	In progress	On track		31/12/2026	
==> 20 incursions	Complete			30/06/2022	30/06/2022
==> 20 HWRP tours	Complete			1/09/2022	30/06/2022
<b>Continue to implement a preventative Illegal Dumping program</b>	Complete	On track		30/06/2024	1/07/2022
==> New illegal dumping data capture system to be developed	Complete			30/06/2021	30/08/2022



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Waste Plan Reporting  
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<b>Continue to roll out waste education program to staff in all Council-run facilities</b>	<b>Complete</b>	<b>On track</b>		<b>31/12/2026</b>	<b>1/07/2022</b>
==> All facilities with Cockburn staff working on site to be audited by July 2021. Rollout behaviour change initiatives	Complete			1/07/2021	30/06/2021
<b>Coordinate and expand community tours to the HWRP</b>	<b>In progress</b>	<b>On track</b>		<b>31/12/2026</b>	
==> Henderson tours to be incorporated into Sustainable Living Events Program in July and January annually.	In progress			28/06/2024	
<b>Deliver program of waste education workshops and events through the Sustainable Living events series</b>	<b>In progress</b>	<b>On track</b>		<b>31/12/2026</b>	
==> Develop and publish events program by 1 July and 1 Jan each year	In progress			30/06/2026	
<b>Encourage and promote waste initiatives via the Sustainability Grants Program</b>	<b>In progress</b>	<b>On track</b>		<b>31/12/2026</b>	
==> Review and assess Sustainability Grant Proposals in March annually.	In progress			30/06/2026	
<b>Fully fund a Waste Education Officer</b>	<b>In progress</b>	<b>On track</b>	<b>2/10/2023</b>	<b>31/08/2024</b>	
==> Workforce plan approval	In progress			28/06/2024	
==> Waste Education Officer appointed	In progress			31/08/2024	
<b>Identify new businesses and residents to receive waste education information</b>	<b>In progress</b>	<b>On track</b>		<b>31/12/2026</b>	
==> Liaise with Waste Collection Team to ensure that waste education materials are provided to all new household	In progress			31/12/2026	
<b>Implement Waste Education Campaign</b>	<b>In progress</b>	<b>On track</b>		<b>31/12/2026</b>	
==> Implement social and print media campaign focussed on waste hierarchy	In progress			28/06/2024	
==> Prepare and distribute resource recovery calendar to residents annually by	In progress			31/12/2026	
<b>Review the benefits and costs of developing a Cockburn Waste App</b>	<b>Superseded</b>	<b>Not Applicable</b>	<b>29/06/2023</b>	<b>30/06/2023</b>	<b>1/07/2021</b>
==> If approved, app to be rolled out	Superseded			30/06/2022	30/06/2021
==> Decision on feasibility of implementing ap made	Superseded			30/06/2022	30/06/2021
==> If feasible, business case provided to council for decision	Superseded			30/12/2022	1/07/2021
<b>Review the feasibility of creating waste virtual tours</b>	<b>Complete</b>	<b>On track</b>	<b>2/02/2022</b>	<b>30/06/2023</b>	<b>29/07/2022</b>
==> Decision to be made on feasibility of creating a virtual tour prior to development of interpretive signage	Complete			30/09/2022	17/08/2022



Government of Western Australia  
Department of Water and Environmental Regulation

Waste Plan Reporting  
Waste Plan Report 2022-23

Other

Waste Plan Actions & Milestones	Progress	Action Status	Anticipated Commencement Date	Anticipated Completion Date	Completion Date
<b>Continue representation on relevant waste related committees and attend relevant conferences</b>	In progress	On track		31/12/2026	
==> Maintain representation and membership of relevant groups.	In progress			28/06/2024	
==> Ensure attendance at annual WA Waste and Recycling Conference	In progress			30/06/2026	

## 11.2.2 National Greenhouse and Energy Reporting (NGERS) 2023 Report Henderson Waste Recovery Park

<b>Responsible Executive</b>	Chief Operations Officer
<b>Author</b>	Waste Services Manager
<b>Attachments</b>	1. NGERS 2021-2022 Annual Report (Amended) <a href="#">↓</a> 2. NGERS 2022-2023 Annual Report <a href="#">↓</a>

### RECOMMENDATION

The Committee recommends Council:

- (1) ACCEPTS the City's 2022-2023 Emissions and Energy Report for submission to the Australian Government Clean Energy Regulator; and;
- (2) ACCEPTS the City's 2021-2022 amended Emissions and Energy Report.

### Background

The National Greenhouse and Energy Reporting (NGER) Scheme, established by the *National Greenhouse and Energy Reporting Act 2007* (NGER Act), is a single national framework for reporting and disseminating company information about greenhouse gas emissions, energy production, energy consumption and other information specified under NGER legislation.

All registered controlling corporations are required to submit an NGER report to the Clean Energy Regulator (CER) each year until the corporation is deregistered.

This obligation applies even if the corporation's facility falls below all reporting thresholds.

A facility reporting threshold is 25 Kiloton (kt) or more of greenhouse gases carbon dioxide equivalent (CO<sub>2</sub>-e) (scope 1 and scope 2) emissions.

The City of Cockburn has been reporting the greenhouse gas emissions from the Henderson Landfill Facility to the Clean Energy Regulator since 2009, as per section 19 of the NGER Act.

Reporting is undertaken electronically through the Emissions and Energy Reporting System (EERS)

### Submission

N/A

### Report

The City's 2021/22 report was audited by the Regulator, resulting in the requirement to amend the data and format prior to submitting the 2022/23 report (refer Attachment 1).

Following submission of the revised 2021/22 report, officers have prepared the 2022/23 report for the CER, detailing the emissions, energy production and consumption data through the EERS (attached).



The table below summarises the audit findings over the last two reporting years:

Year	CO2-e
2021/22	23,734 tonnes
2022/23	21,859 tonnes
Total (reduction)	1,875 tonnes

The report results do not trigger the safeguard mechanism, which apply to facilities with emissions of more than 100,000 t of CO2-e per year.

The safeguard mechanism requires Australia's largest greenhouse gas emitters to keep their net emissions below an emissions limit (a baseline) set by the CER.

The City's landfill operations are not expected to exceed 100,000 t CO2-e in future reporting periods, largely due to the City's general waste going to the energy from waste plant thereby lowering the baseline being set from the CER or potential financial implications association with offsetting emissions, such as via carbon credits.

The majority of the City's corporate greenhouse gas emissions (53%) are generated from solid waste to landfill at Henderson Waste Recovery Park (HWRP).

From early 2024, the City's general waste will be sent to the energy from waste plant in East Rockingham. This may reduce tonnages (depending on organic waste delivered by other commercial customers) and risks of increasing emissions.

If future landfill emissions exceed 100,000 t CO2-e, the Henderson Landfill facility will trigger the Safeguard Mechanism and from that point the CER will provide a baseline in which net-emissions levels will be assessed.

An emissions exceedance of this baseline will need to be offset through Australian carbon credit units (ACCUs) or similar.

This scenario is unlikely, given the future energy from waste facility and potential for a reduction in tonnages sent to the landfill facility.

The City's Climate Change Strategy objectives include net zero emissions and zero non-hazardous waste to landfill by 2030.

The City shall continue to reduce waste to landfill as per these strategies, whilst still maintaining a commercial market share to cover post closure costs.

## **Strategic Plans/Policy Implications**

### Environmental Responsibility

A leader in environmental management that enhances and sustainably manages our local natural areas and resources.

- Sustainable resource management including waste, water and energy.
- Address Climate Change.

### Listening and Leading

A community focused, sustainable, accountable, and progressive organisation.

- Best practice Governance, partnerships and value for money.

**Budget/Financial Implications**

NA

**Legal Implications**

NA

**Community Consultation**

NA

**Risk Management Implications**

The City is registered as an “entity” and submits a voluntary report. It is required to submit an accurate report to the CER as per the NGER legislation.

If Council does not accept the information contained in this Report, the City will be non-compliant with its federal reporting requirements and shall receive enforcement action from the CER in response.

**Advice to Proponent(s)/Submitters**

N/A

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

NA

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**Australian Government**  
**Clean Energy Regulator**

ABN/ACN/ARBN/Trading Name:  
Version No:  
Submission Status:  
Submission Date:

27471341209  
Not submitted

**NATIONAL GREENHOUSE AND ENERGY REPORTING  
SECTION 19 - EMISSIONS AND ENERGY REPORT  
CITY OF COCKBURN  
FOR THE REPORTING YEAR 2021 – 2022**

**REPORT UNDER SECTION 19 OF THE *NATIONAL GREENHOUSE AND ENERGY REPORTING ACT 2007***

Corporations registered under Division 3 of Part 2 of the *National Greenhouse and Energy Reporting Act 2007* (the NGER Act) are required to provide a report to the Clean Energy Regulator (the Regulator) by 31 October each year in respect of the previous financial year relating to:

- greenhouse gas emissions; and
- energy production; and
- energy consumption;

from the operation of facilities under the operational control of the corporation and entities that are members of the corporation's group, during that financial year.

A report under section 19 of the NGER Act must be given in a manner and form approved by the Regulator and set out the information specified in the *National Greenhouse and Energy Reporting Regulations 2008* (the NGER Regulations). The report must also be based on the methods, or methods which meet criteria, set out in the *National Greenhouse and Energy Reporting (Measurement) Determination 2008* (the Measurement Determination).

This report is an approved form in which a report under section 19 of the NGER Act may be given to the Regulator.

Giving false or misleading information is a serious offence.

**SUBMITTING THE REPORT**

The approved manner for submission of the section 19 report is completion and submission of the report in the Emissions and Energy Reporting System.

Your report must be submitted to the Regulator by 31 October 2022.

If a copy of this report is printed in hardcopy form for any purpose it does not represent, nor can it be treated as, an official version of the report submitted to the Regulator.

## CONTROLLING CORPORATION DETAILS

Name	CITY OF COCKBURN
Australian Business Number (ABN)	27471341209
Australian Company Number (ACN)	-
Australian Registered Body Number (ARBN)	-
Trading Name	CITY OF COCKBURN
Head office postal address:	
Postal address line 1	PO box 1215
Postal address line 2	-
Postal address line 3	-
Postal city/suburb	BIBRA LAKE DC
Postal state	Western Australia
Postal postcode	6965
Postal country	AUSTRALIA
Head office street address:	
Street address line 1	9 Coleville Crescent
Street address line 2	-
Street address line 3	-
Street city/suburb	SPEARWOOD
Street state	Western Australia
Street postcode	6163
Street country	AUSTRALIA

## EXECUTIVE OFFICER (OR EQUIVALENT) DETAILS

Name	Daniel Arndt
Position	
Phone	94113401
Mobile	-
Fax	9411 3333
Email	darndt@cockburn.wa.gov.au
Postal address line 1	PO Box 1215
Postal address line 2	-
Postal address line 3	-
Postal city/suburb	BIBRA LAKE DC
Postal state	
Postal postcode	6965
Postal country	AUSTRALIA

## CONTACT PERSON DETAILS

Name	Lyll Davieson
Position	Primary Contact
Phone	894113565
Mobile	-
Fax	-
Email	ldavieson@cockburn.wa.gov.au
Postal address line 1	PO Box 1215
Postal address line 2	-
Postal address line 3	-
Postal city/suburb	Bibra Lake DC
Postal state	Western Australia
Postal postcode	6965
Postal country	AUSTRALIA

## CITY OF COCKBURN EMISSION AND ENERGY REPORT SUMMARY

The table below reports total scope 1 and scope 2 greenhouse gas emissions, energy produced and energy consumed by the corporate group CITY OF COCKBURN for the 2021 - 2022 reporting period.

GREENHOUSE GAS EMISSIONS (t CO <sub>2</sub> -e)		
Scope 1	Scope 2	Total of Scope 1 and Scope 2
23,734	46	23,780

ENERGY PRODUCED AND ENERGY CONSUMED (GJ)		
Energy Consumed Total	Energy Consumed Net	Energy Produced
157,341	104,996	197,744

GREENHOUSE GAS SCOPE 1 EMISSIONS BY GAS (t CO <sub>2</sub> -e)						
Carbon Dioxide CO <sub>2</sub>	Methane CH <sub>4</sub>	Nitrous Oxide N <sub>2</sub> O	Perfluorocarbons PFCs	Hydro Fluoro Carbons HFCs	Sulphur Hexafluoride SF <sub>6</sub>	Total
817	22,910	7	-	-	-	23,734

## CITY OF COCKBURN EMISSION AND ENERGY REPORT DETAIL

## Corporate Structure

The table below lists the entities whose greenhouse gas emissions and energy production and energy consumption are included in the S19 report.

No.	Entity Details	Scope 1 Emissions (t CO2-e)	Scope 2 Emissions (t CO2-e)	Energy Consumed Total (GJ)	Energy Consumed Net (GJ)	Energy Produced (GJ)
1	Henderson Waste Recovery Park Type: Facility	23,734	46	157,341	104,996	197,744

1: HENDERSON WASTE RECOVERY PARK - FACILITY

Name	Henderson Waste Recovery Park
Facility Street Address	920 Rockingham Rd WATTLEUP Western Australia 6166 AUSTRALIA
Geographic Coordinates	Latitude 32.162S / Longitude 115.797E
Facility location	-
Activity location	Western Australia
Location description	-
Activity description	-
ANZSIC Code	292 - Waste treatment, disposal and remediation services
Operational Control	CITY OF COCKBURN
Number of Days with Operational Control	Full Year
Operational Control Dates	01/07/2021 - 30/06/2022
Grid Connected Electricity Generator	No

The following tables summarise total greenhouse gas emissions from operation of this facility during the period that it was under the operational control of CITY OF COCKBURN.

GREENHOUSE GAS EMISSIONS (t CO2-e)		
Scope 1	Scope 2	Total of Scope 1 and Scope 2
23,734	46	23,780

ENERGY PRODUCED AND ENERGY CONSUMED (GJ)		
Energy Consumed Total	Energy Consumed Net	Energy Produced
157,341	104,996	197,744

GREENHOUSE GAS SCOPE 1 EMISSIONS BY GAS (t CO2-e)						
Carbon Dioxide CO2	Methane CH4	Nitrous Oxide N2O	Perfluorocarbons PFCs	Hydro Fluoro Carbons HFCs	Sulphur Hexafluoride SF6	Total
817	22,910	7	-	-	-	23,734

SCOPE 1 EMISSIONS					
EC = Energy Content Factor, Z = Energy Content, EF = Emission Factor					
Source Activity	Fuel / Criterion	Quantity	Energy Values (EC & Z)	Gas / Method	Scope 1 Emissions (t CO2-e)
<b>Source category:</b> Fuel combustion <b>Source of emissions:</b> Stationary and Transport energy purposes (excluding electricity generation) <b>Activity type:</b> Emissions released from combustion of liquid fuels other than petroleum oils or greases - Stationary energy purposes	<b>Fuel / Energy commodity:</b> Diesel oil <b>Fuel usage:</b> combustion <b>Criterion:</b> AA	230.3 kL	<b>EC (GJ/Unit):</b> 38.6 <b>Z (GJ):</b> 8,890	<b>Gas:</b> CO2 <b>EF (kg CO2-e / GJ):</b> 69.9 <b>Method:</b> Method 1	621
				<b>Gas:</b> CH4 <b>EF (kg CO2-e / GJ):</b> 0.1 <b>Method:</b> Method 1	1
				<b>Gas:</b> N2O <b>EF (kg CO2-e / GJ):</b> 0.2 <b>Method:</b> Method 1	2

<b>Source category:</b> Fuel combustion <b>Source of emissions:</b> Stationary and Transport energy purposes (excluding electricity generation) <b>Activity type:</b> Emissions released from combustion of liquid fuels other than petroleum oils or greases - Transport energy purposes	<b>Fuel / Energy commodity:</b> Diesel oil - Transport post-2004 <b>Fuel usage:</b> combustion <b>Criterion:</b> AA	72.72 kL	<b>EC (GJ/Unit):</b> 38.6 <b>Z (GJ):</b> 2,807	<b>Gas:</b> CO2 <b>EF (kg CO2-e / GJ):</b> 69.9 <b>Method:</b> Method 1	196
				<b>Gas:</b> CH4 <b>EF (kg CO2-e / GJ):</b> 0.01 <b>Method:</b> Method 2	0
				<b>Gas:</b> N2O <b>EF (kg CO2-e / GJ):</b> 0 <b>Method:</b> Method 2	1
Source Total			11,697		821
<b>Source category:</b> Fuel combustion <b>Source of emissions:</b> Emissions released from fuel use by certain industries (including electricity generation) <b>Activity type:</b> Electricity production - Gaseous fuels	<b>Fuel / Energy commodity:</b> Landfill biogas that is captured for combustion (methane only) <b>Fuel usage:</b> combustion <b>Criterion:</b> BBB	3,856,746 m3	<b>EC (GJ/Unit):</b> 0.0377 <b>Z (GJ):</b> 145,399	<b>Gas:</b> CO2 <b>EF (kg CO2-e / GJ):</b> 0 <b>Method:</b> Method 1	0
				<b>Gas:</b> CH4 <b>EF (kg CO2-e / GJ):</b> 6.4 <b>Method:</b> Method 1	931
				<b>Gas:</b> N2O <b>EF (kg CO2-e / GJ):</b> 0.03 <b>Method:</b> Method 1	4
Source Total			145,399		935
<b>Source category:</b> Waste <b>Source of emissions:</b> Solid waste disposal on land <b>Activity type:</b> Emissions of methane released from landfills	<b>Criterion:</b> BBB	-	-	<b>Gas:</b> CH4 <b>EF (kg CO2-e / GJ):</b> -	21,978



				Method: Method 1	
		Source Total	-		21,978
		Total	157,096		23,734

**MATTERS TO BE IDENTIFIED (MTBI) - WASTE MIX TYPES - WASTE MIX TYPE PERCENTAGES**

**SOURCE OF EMISSIONS: SOLID WASTE DISPOSAL ON LAND**

Waste Type	Municipal Waste (wt%)	Commercial & Industrial (wt%)	Construction & Demolition (wt%)	Shredder Flock (wt%)
Rubber & Leather	1	3.5	0	0
Nappies	4	0	0	0
Sludge	0	1.5	0	0
Textiles	1.5	4	0	0
Wood	1	12.5	6	0
Garden	16.5	4	2	0
Paper	13	15.5	3	0
Food	35	21.5	0	0
Inert Waste	28	37.5	89	0
Total	100	100	100	0

**MATTERS TO BE IDENTIFIED (MTBI) PER SOURCE**

Source of Emissions	MTBI	Methods	Activity	Activity Value	Unit
Solid waste disposal on land	the landfill classification specified in the Determination	Method 1	-	n/a	
	the number of years in operation	Method 1	-	33	
	the average annual amount (in tonnes) of disposal of solid waste over the lifetime of the landfill facility prior to the first year of reporting	Method 1	-	115029	tonnes
	the total tonnes of waste entering the landfill	Method 1	-	156367	tonnes
	the tonnes of waste entering the landfill from municipal sources	Method 1	-	40655	tonnes
	the tonnes of waste entering the landfill from commercial and industrial sources	Method 1	-	26582	tonnes
	the tonnes of waste entering the landfill from construction and demolition sources	Method 1	-	89129	tonnes
	the tonnes of waste entering the landfill from alternative waste treatment facilities	Method 1	-	0	tonnes
	the tonnes of waste entering the landfill from shredder flock	Method 1	-	0	tonnes
	the tonnes of waste entering the landfill from inert waste	Method 1	-	0	tonnes
	the tonnes of waste received at the landfill facility for transfer to an external recycling or biological treatment facility	Method 1	-	0	tonnes
	the tonnes of waste received at the landfill facility for recycling or biological treatment on site	Method 1	-	0	tonnes
	the tonnes of waste received at the landfill facility for construction purposes, daily cover purposes, intermediate cover purposes or final capping and cover purposes (inert waste only)	Method 1	-	0	tonnes
	the opening stock of degradable organic carbon, in tonnes	Method 1	-	79129	
	the LEGACY emissions from decomposition of waste	Method 1	-	16971	
	the emissions, OTHER THAN LEGACY emissions, from decomposition of waste	Method 1	-	5007	
	the tonnes of methane (CO2-e) captured for combustion that are LEGACY emissions	Method 1	-	56570	tonnes (CO2-e)

	the tonnes of methane (CO2-e) captured for combustion that are NOT LEGACY emissions	Method 1	-	16690	tonnes (CO2-e)
	the tonnes of waste treated by composting	Method 1	-	0	tonnes
	the tonnes of waste treated by anaerobic digestion	Method 1	-	0	tonnes
	the tonnes of methane (CO2-e) captured from composting	Method 1	-	0	tonnes (CO2-e)
	the tonnes of methane (CO2-e) captured from anaerobic digestion	Method 1	-	0	tonnes (CO2-e)
Solid waste disposal on land	the tonnes of methane (CO2-e) captured and transferred offsite that are LEGACY emissions	Method 1	Emissions of methane released from landfills	0	tonnes (CO2-e)
	the tonnes of methane (CO2-e) captured and transferred offsite that are NOT LEGACY emissions	Method 1	Emissions of methane released from landfills	0	tonnes (CO2-e)
	the tonnes of methane (CO2-e) flared that are LEGACY emissions	Method 1	Emissions of methane released from landfills	0	tonnes (CO2-e)
	the tonnes of methane (CO2-e) flared that are NOT LEGACY emissions	Method 1	Emissions of methane released from landfills	0	tonnes (CO2-e)

SCOPE 2 EMISSIONS				
Activity Type	Quantity	Units	Emission Factor (kg CO2-e / unit)	Scope 2 Emissions (t CO2-e)
Purchase and loss of electricity from main electricity grid in a State or Territory	68,074	kWh	0.68	46
Total				46

ENERGY CONSUMED BY MEANS OF COMBUSTION FOR PRODUCING ELECTRICITY								
Activity Type	Fuel / Energy Commodity	Fuel Usage	Criterion	Sub-criterion	Amount	Units	Energy Content Factor (GJ/Unit)	Energy Content (GJ)
Electricity production - Gaseous fuels	Landfill biogas that is captured for combustion (methane only)	combustion	BBB	-	3,856,746	m3	0.0377	145,399
Total								145,399

ENERGY CONSUMED BY MEANS OF COMBUSTION FOR TRANSPORT								
Activity Type	Fuel / Energy Commodity	Fuel Usage	Criterion	Sub-criterion	Amount	Units	Energy Content Factor (GJ/Unit)	Energy Content (GJ)
Emissions released from combustion of liquid fuels other than petroleum oils or greases - Transport energy purposes	Diesel oil - Transport post-2004	combustion	AA	-	72.72	kL	38.6	2,807
Total								2,807

ENERGY CONSUMED BY MEANS OF COMBUSTION FOR PURPOSES OTHER THAN PRODUCING ELECTRICITY, PRODUCING A CHEMICAL OR METAL PRODUCT OR FOR TRANSPORT								
Activity Type	Fuel / Energy Commodity	Fuel Usage	Criterion	Sub-criterion	Amount	Units	Energy Content Factor (GJ/Unit)	Energy Content (GJ)
Emissions released from combustion of liquid fuels other than petroleum oils or greases - Stationary energy purposes	Diesel oil	combustion	AA	-	230.3	kL	38.6	8,890
Total								8,890

ENERGY CONSUMED BY MEANS OTHER THAN COMBUSTION								
Activity Type	Fuel / Energy Commodity	Fuel Usage	Criterion	Sub-criterion	Amount	Units	Energy Content Factor (GJ/Unit)	Energy Content (GJ)
Purchase and loss of electricity from main electricity grid in a State or Territory	-	-	-	-	68,074	kWh	0.0036	245
Total								245

ENERGY PRODUCED						
Activity Type	Fuel / Energy Commodity	Primary/Secondary	Amount	Units	Energy Content Factor	Converted Amount (GJ)
Energy content of fuel produced	Landfill biogas that is captured for combustion (methane only)	Primary	3,856,746	m3	0.0377	145,399
Total						145,399

ELECTRICITY PRODUCED					
Activity Type	Usage	Amount	Units	Energy Content Factor (GJ/Unit)	Converted Energy Content Amount (GJ)
Electricity (biogas generation)	For use offsite on a network	14,540,387	kWh	0.0036	52,345
Total					52,345

#### FACILITY THRESHOLD MET

The corporate group of CITY OF COCKBURN has not met a corporate group threshold, but members of the corporate group have had operational control of one or more facilities during the reporting period that have met a facility threshold as defined in section 13 (1)(d) of the NGER Act. Regulation 4.02(3)(b) only requires this Report to include information under Divisions 4.3 to 4.5 of the NGER regulations for the facilities that cause the facility threshold to be met.

## PRIVACY STATEMENT

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### PROTECTION OF INFORMATION

The Clean Energy Regulator is bound by the secrecy provisions of Part 3 of the *Clean Energy Regulator Act 2011* (CER Act) in regard to information it collects in relation to this report and also by the *Privacy Act 1988* in regard to personal information it collects.

### PRIVACY NOTICE

'Personal information' is defined in the Privacy Act 1988 to mean information or an opinion about an identified individual, or an individual who is reasonably identifiable:

- (a) whether the information or opinion is true or not; and
- (b) whether the information or opinion is recorded in a material form or not.

The collection of personal information relating to this report is authorised by the *National Greenhouse and Energy Reporting Act 2007* (NGER Act) and the National Greenhouse and Energy Reporting Regulations 2008.

Personal information collected in relation to this report will be used for the purposes of assessing the report content, auditing compliance, enforcement of relevant laws and regulations, the performance of our statutory functions and for related purposes. We will also use the personal information which you provide for our administrative purposes, for example, to pre-populate other Clean Energy Regulator forms which you wish to fill out online in the future, and for improving our service delivery to you. We cannot process the application if we do not collect relevant personal information.

The Clean Energy Regulator's Privacy Policy contains information about the agency's procedures for handling personal information including how a person can access their personal information held by the agency, and how to seek correction of such information. The Privacy Policy also contains information about how to complain about a breach of the Australian Privacy Principles. The Clean Energy Regulator's Privacy Policy can be found at [www.cleanenergyregulator.gov.au](http://www.cleanenergyregulator.gov.au).

### DISCLOSURE OF INFORMATION

The Clean Energy Regulator is only able to disclose information relating to this report (including personal information) in accordance with the CER Act, the NGER Act, the Privacy Act 1988 or as otherwise required by law.

The circumstances in which such information may be disclosed include:

- Disclosure to the Secretary or authorised officer of a Department for the purpose of administering a program or collecting statistics relating to greenhouse gas emissions, energy consumption or energy production;
- Disclosure to certain agencies, bodies or persons where the Regulator is satisfied that disclosure will enable or assist those agencies, bodies or persons to perform or exercise their functions or powers, including the Australian Securities and Investments Commission, the Australian Competition and Consumer Commission and the Commissioner of Taxation;
- Disclosure for the purposes of law enforcement;
- Disclosure to States and Territories in accordance with the NGER Act; and
- Disclosure for the purposes of a climate change law or for the purposes of the performance of our functions under a climate change law.

## DECLARATION

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The Executive Officer (or equivalent), as described in the *National Greenhouse and Energy Reporting Act 2007* (NGER Act), should read the following declaration below before electronically submitting the emissions and energy report.

It is the responsibility of the reporting entity to ensure that the information provided in the emissions and energy report is prepared in accordance with the requirements set out in the NGER Act and the National Greenhouse and Energy Reporting Regulations 2008 (NGER Regulations) and that the data it contains is based on methods prescribed in the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (NGER Measurement Determination).

Under the NGER Act and the NGER Regulations, the reporting entity remains responsible for the truth and accuracy of the contents of the emissions and energy report despite the assistance, if any, of a third party in its preparation.

Section 19 of the NGER Act includes a civil penalty provision, a breach of which may attract a pecuniary penalty of up to 2,000 penalty units. The *Crimes Act 1914* provides that one penalty unit is \$222.

In accordance with section 22 of the NGER Act, a reporting entity is required to keep records of the activities of the members of its group that, inter alia, allow it to report accurately and enable the Clean Energy Regulator to ascertain whether it has complied with its obligations under the NGER Act. Records must be retained for a period of 5 years from the end of the year in which the activities took place. Section 22 includes a civil penalty provision, a breach of which may attract a pecuniary penalty of up to 1,000 penalty units.

By electronically submitting, the signatory declares that:

- they have read and understood the penalties that apply for breaching the NGER Act;
- the information provided in this emissions and energy report (including any attachments) is true and correct, and that they understand that the provision of false or misleading information is a serious offence under the *Criminal Code 1995* and may have consequences under the NGER Act;
- the information provided in this emissions and energy report has been prepared and supplied in accordance with the requirements set out in the NGER Act, the NGER Regulations and the NGER Measurement Determination;
- they are duly authorised to act, including submitting this emissions and energy report, on behalf of the reporting entity;
- the Clean Energy Regulator may compel or conduct an audit of the information contained in this emissions and energy report or in relation to compliance with the NGER Act, the NGER Regulations and the NGER Measurement Determination;
- the Clean Energy Regulator may request further clarification or documentation to verify the information supplied in this emissions and energy report; and
- the entity providing the emissions and energy report and each group member (if any) listed in the report is a body corporate.

UNCLASSIFIED: FOR OFFICIAL USE ONLY



**Australian Government**  
**Clean Energy Regulator**

ABN/ACN/ARBN/Trading Name:  
Version No:  
Submission Status:  
Submission Date:

27471341209  
Not submitted

**NATIONAL GREENHOUSE AND ENERGY REPORTING  
SECTION 19 - EMISSIONS AND ENERGY REPORT  
CITY OF COCKBURN  
FOR THE REPORTING YEAR 2022 – 2023**

**REPORT UNDER SECTION 19 OF THE *NATIONAL GREENHOUSE AND ENERGY REPORTING ACT 2007***

Corporations registered under Division 3 of Part 2 of the *National Greenhouse and Energy Reporting Act 2007* (the NGER Act) are required to provide a report to the Clean Energy Regulator (the Regulator) by 31 October each year in respect of the previous financial year relating to:

- greenhouse gas emissions; and
- energy production; and
- energy consumption;

from the operation of facilities under the operational control of the corporation and entities that are members of the corporation's group, during that financial year.

A report under section 19 of the NGER Act must be given in a manner and form approved by the Regulator and set out the information specified in the *National Greenhouse and Energy Reporting Regulations 2008* (the NGER Regulations). The report must also be based on the methods, or methods which meet criteria, set out in the *National Greenhouse and Energy Reporting (Measurement) Determination 2008* (the Measurement Determination).

This report is an approved form in which a report under section 19 of the NGER Act may be given to the Regulator.

Giving false or misleading information is a serious offence.

### **SUBMITTING THE REPORT**

The approved manner for submission of the section 19 report is completion and submission of the report in the Emissions and Energy Reporting System.

Your report must be submitted to the Regulator by 31 October 2023.

If a copy of this report is printed in hardcopy form for any purpose it does not represent, nor can it be treated as, an official version of the report submitted to the Regulator.

## CONTROLLING CORPORATION DETAILS

Name	CITY OF COCKBURN
Australian Business Number (ABN)	27471341209
Australian Company Number (ACN)	-
Australian Registered Body Number (ARBN)	-
Trading Name	CITY OF COCKBURN
Head office postal address:	
Postal address line 1	PO box 1215
Postal address line 2	-
Postal address line 3	-
Postal city/suburb	BIBRA LAKE DC
Postal state	Western Australia
Postal postcode	6965
Postal country	AUSTRALIA
Head office street address:	
Street address line 1	9 Coleville Crescent
Street address line 2	-
Street address line 3	-
Street city/suburb	SPEARWOOD
Street state	Western Australia
Street postcode	6163
Street country	AUSTRALIA

## EXECUTIVE OFFICER (OR EQUIVALENT) DETAILS

Name	Daniel Arndt
Position	
Phone	94113401
Mobile	-
Fax	9411 3333
Email	darndt@cockburn.wa.gov.au
Postal address line 1	PO Box 1215
Postal address line 2	-
Postal address line 3	-
Postal city/suburb	BIBRA LAKE DC
Postal state	
Postal postcode	6965
Postal country	AUSTRALIA

## CONTACT PERSON DETAILS

Name	Lyll Davieson
Position	Primary Contact
Phone	894113565
Mobile	-
Fax	-
Email	ldavieson@cockburn.wa.gov.au
Postal address line 1	PO Box 1215
Postal address line 2	-
Postal address line 3	-
Postal city/suburb	Bibra Lake DC
Postal state	Western Australia
Postal postcode	6965
Postal country	AUSTRALIA

## CITY OF COCKBURN EMISSION AND ENERGY REPORT SUMMARY

The table below reports total scope 1 and scope 2 greenhouse gas emissions, energy produced and energy consumed by the corporate group CITY OF COCKBURN for the 2022 - 2023 reporting period.

GREENHOUSE GAS EMISSIONS (t CO <sub>2</sub> -e)		
Scope 1	Scope 2	Total of Scope 1 and Scope 2
21,859	34	21,893

ENERGY PRODUCED AND ENERGY CONSUMED (GJ)		
Energy Consumed Total	Energy Consumed Net	Energy Produced
144,621	96,325	182,453

GREENHOUSE GAS SCOPE 1 EMISSIONS BY GAS (t CO <sub>2</sub> -e)						
Carbon Dioxide CO <sub>2</sub>	Methane CH <sub>4</sub>	Nitrous Oxide N <sub>2</sub> O	Perfluorocarbons PFCs	Hydro Fluoro Carbons HFCs	Sulphur Hexafluoride SF <sub>6</sub>	Total
715	21,138	6	-	-	-	21,859



## CITY OF COCKBURN EMISSION AND ENERGY REPORT DETAIL

## Corporate Structure

The table below lists the entities whose greenhouse gas emissions and energy production and energy consumption are included in the S19 report.

No.	Entity Details	Scope 1 Emissions (t CO2-e)	Scope 2 Emissions (t CO2-e)	Energy Consumed Total (GJ)	Energy Consumed Net (GJ)	Energy Produced (GJ)
1	Henderson Waste Recovery Park Type: Facility	21,859	34	144,621	96,325	182,453

## 1: HENDERSON WASTE RECOVERY PARK - FACILITY

Name	Henderson Waste Recovery Park
Facility Street Address	920 Rockingham Rd WATTLEUP Western Australia 6166 AUSTRALIA
Geographic Coordinates	Latitude 32.162S / Longitude 115.797E
Facility location	-
Activity location	Western Australia
Location description	-
Activity description	-
ANZSIC Code	292 - Waste treatment, disposal and remediation services
Operational Control	CITY OF COCKBURN
Number of Days with Operational Control	Full Year
Operational Control Dates	01/07/2022 - 30/06/2023
Grid Connected Electricity Generator	No

The following tables summarise total greenhouse gas emissions from operation of this facility during the period that it was under the operational control of CITY OF COCKBURN.

GREENHOUSE GAS EMISSIONS (t CO <sub>2</sub> -e)		
Scope 1	Scope 2	Total of Scope 1 and Scope 2
21,859	34	21,893

ENERGY PRODUCED AND ENERGY CONSUMED (GJ)		
Energy Consumed Total	Energy Consumed Net	Energy Produced
144,621	96,325	182,453

GREENHOUSE GAS SCOPE 1 EMISSIONS BY GAS (t CO <sub>2</sub> -e)						
Carbon Dioxide CO <sub>2</sub>	Methane CH <sub>4</sub>	Nitrous Oxide N <sub>2</sub> O	Perfluorocarbons PFCs	Hydro Fluoro Carbons HFCs	Sulphur Hexafluoride SF <sub>6</sub>	Total
715	21,138	6	-	-	-	21,859

SCOPE 1 EMISSIONS					
EC = Energy Content Factor, Z = Energy Content, EF = Emission Factor					
Source Activity	Fuel / Criterion	Quantity	Energy Values (EC & Z)	Gas / Method	Scope 1 Emissions (t CO <sub>2</sub> -e)
<b>Source category:</b> Fuel combustion <b>Source of emissions:</b> Stationary and Transport energy purposes (excluding electricity generation) <b>Activity type:</b> Emissions released from combustion of liquid fuels other than petroleum oils or greases - Stationary energy purposes	<b>Fuel / Energy commodity:</b> Diesel oil <b>Fuel usage:</b> combustion <b>Criterion:</b> AA	193.14 kL	<b>EC (GJ/Unit):</b> 38.6 <b>Z (GJ):</b> 7,455	<b>Gas:</b> CO <sub>2</sub> <b>EF (kg CO<sub>2</sub>-e / GJ):</b> 69.9 <b>Method:</b> Method 1	521
				<b>Gas:</b> CH <sub>4</sub> <b>EF (kg CO<sub>2</sub>-e / GJ):</b> 0.1 <b>Method:</b> Method 1	1
				<b>Gas:</b> N <sub>2</sub> O <b>EF (kg CO<sub>2</sub>-e / GJ):</b> 0.2 <b>Method:</b> Method 1	1

<p><b>Source category:</b> Fuel combustion <b>Source of emissions:</b> Stationary and Transport energy purposes (excluding electricity generation) <b>Activity type:</b> Emissions released from combustion of liquid fuels other than petroleum oils or greases - Transport energy purposes</p>	<p><b>Fuel / Energy commodity:</b> Diesel oil - Transport post-2004 <b>Fuel usage:</b> combustion <b>Criterion:</b> AA</p>	71.82 kL	<p><b>EC (GJ/Unit):</b> 38.6 <b>Z (GJ):</b> 2,772</p>	<p><b>Gas:</b> CO2 <b>EF (kg CO2-e / GJ):</b> 69.9 <b>Method:</b> Method 1</p>	194
				<p><b>Gas:</b> CH4 <b>EF (kg CO2-e / GJ):</b> 0.01 <b>Method:</b> Method 2</p>	0
				<p><b>Gas:</b> N2O <b>EF (kg CO2-e / GJ):</b> 0.5 <b>Method:</b> Method 2</p>	1
				Source Total	
<p><b>Source category:</b> Fuel combustion <b>Source of emissions:</b> Emissions released from fuel use by certain industries (including electricity generation) <b>Activity type:</b> Electricity production - Gaseous fuels</p>	<p><b>Fuel / Energy commodity:</b> Landfill biogas that is captured for combustion (methane only) <b>Fuel usage:</b> combustion <b>Criterion:</b> A</p>	3,558,531 m3	<p><b>EC (GJ/Unit):</b> 0.0377 <b>Z (GJ):</b> 134,157</p>	<p><b>Gas:</b> CO2 <b>EF (kg CO2-e / GJ):</b> 0 <b>Method:</b> Method 1</p>	0
				<p><b>Gas:</b> CH4 <b>EF (kg CO2-e / GJ):</b> 6.4 <b>Method:</b> Method 1</p>	859
				<p><b>Gas:</b> N2O <b>EF (kg CO2-e / GJ):</b> 0.03 <b>Method:</b> Method 1</p>	4
				Source Total	
<p><b>Source category:</b> Waste <b>Source of emissions:</b> Solid waste disposal on land <b>Activity type:</b> Emissions of methane released from landfills</p>	<p><b>Criterion:</b> BBB</p>	-	-	<p><b>Gas:</b> CH4 <b>EF (kg CO2-e / GJ):</b> -</p>	20,278

				Method: Method 1	
		Source Total	-		20,278
		Total	144,384		21,859

MATTERS TO BE IDENTIFIED (MTBI) - WASTE MIX TYPES - WASTE MIX TYPE PERCENTAGES

SOURCE OF EMISSIONS: SOLID WASTE DISPOSAL ON LAND

Waste Type	Municipal Waste (wt%)	Commercial & Industrial (wt%)	Construction & Demolition (wt%)	Shredder Flock (wt%)
Textiles	1.5	4	0	0
Wood	1	12.5	6	0
Garden	16.5	4	2	0
Paper	13	15.5	3	0
Food	35	21.5	0	0
Inert Waste	28	37.5	89	0
Rubber & Leather	1	3.5	0	0
Nappies	4	0	0	0
Sludge	0	1.5	0	0
Total	100	100	100	0

MATTERS TO BE IDENTIFIED (MTBI) PER SOURCE

Source of Emissions	MTBI	Methods	Activity	Activity Value	Unit
Solid waste disposal on land	the landfill classification specified in the Determination	Method 1	-	Temperate wet	
	the number of years in operation	Method 1	-	34	
	the average annual amount (in tonnes) of disposal of solid waste over the lifetime of the landfill facility prior to the first year of reporting	Method 1	-	115029	tonnes
	the total tonnes of waste entering the landfill	Method 1	-	148177	tonnes
	the tonnes of waste entering the landfill from municipal sources	Method 1	-	38526	tonnes
	the tonnes of waste entering the landfill from commercial and industrial sources	Method 1	-	25190	tonnes
	the tonnes of waste entering the landfill from construction and demolition sources	Method 1	-	84461	tonnes
	the tonnes of waste entering the landfill from alternative waste treatment facilities	Method 1	-	0	tonnes
	the tonnes of waste entering the landfill from shredder flock	Method 1	-	0	tonnes
	the tonnes of waste entering the landfill from inert waste	Method 1	-	0	tonnes
	the tonnes of waste received at the landfill facility for transfer to an external recycling or biological treatment facility	Method 1	-	0	tonnes
	the tonnes of waste received at the landfill facility for recycling or biological treatment on site	Method 1	-	0	tonnes
	the tonnes of waste received at the landfill facility for construction purposes, daily cover purposes, intermediate cover purposes or final capping and cover purposes (inert waste only)	Method 1	-	0	tonnes
	the opening stock of degradable organic carbon, in tonnes	Method 1	-	79129	
	the LEGACY emissions from decomposition of waste	Method 1	-	13817	
	the emissions, OTHER THAN LEGACY emissions, from decomposition of waste	Method 1	-	6462	
the tonnes of methane (CO <sub>2</sub> -e) captured for combustion that are LEGACY emissions	Method 1	-	46056	tonnes (CO <sub>2</sub> -e)	

	the tonnes of methane (CO2-e) captured for combustion that are NOT LEGACY emissions	Method 1	-	21539	tonnes (CO2-e)
	the tonnes of waste treated by composting	Method 1	-	0	tonnes
	the tonnes of waste treated by anaerobic digestion	Method 1	-	0	tonnes
	the tonnes of methane (CO2-e) captured from composting	Method 1	-	0	tonnes (CO2-e)
	the tonnes of methane (CO2-e) captured from anaerobic digestion	Method 1	-	0	tonnes (CO2-e)
Solid waste disposal on land	the tonnes of methane (CO2-e) captured and transferred offsite that are LEGACY emissions	Method 1	Emissions of methane released from landfills	0	tonnes (CO2-e)
	the tonnes of methane (CO2-e) captured and transferred offsite that are NOT LEGACY emissions	Method 1	Emissions of methane released from landfills	0	tonnes (CO2-e)
	the tonnes of methane (CO2-e) flared that are LEGACY emissions	Method 1	Emissions of methane released from landfills	0	tonnes (CO2-e)
	the tonnes of methane (CO2-e) flared that are NOT LEGACY emissions	Method 1	Emissions of methane released from landfills	0	tonnes (CO2-e)

SCOPE 2 EMISSIONS				
Activity Type	Quantity	Units	Emission Factor (kg CO2-e / unit)	Scope 2 Emissions (t CO2-e)
Purchase and loss of electricity from main electricity grid in a State or Territory	65,771	kWh	0.51	34
Total				34

ENERGY CONSUMED BY MEANS OF COMBUSTION FOR PRODUCING ELECTRICITY								
Activity Type	Fuel / Energy Commodity	Fuel Usage	Criterion	Sub-criterion	Amount	Units	Energy Content Factor (GJ/Unit)	Energy Content (GJ)
Electricity production - Gaseous fuels	Landfill biogas that is captured for combustion (methane only)	combustion A	-	-	3,558,531	m3	0.0377	134,157
Total								134,157

ENERGY CONSUMED BY MEANS OF COMBUSTION FOR TRANSPORT								
Activity Type	Fuel / Energy Commodity	Fuel Usage	Criterion	Sub-criterion	Amount	Units	Energy Content Factor (GJ/Unit)	Energy Content (GJ)
Emissions released from combustion of liquid fuels other than petroleum oils or greases - Transport energy purposes	Diesel oil - Transport post-2004	combustion AA	-	-	71.82	kL	38.6	2,772
Total								2,772

ENERGY CONSUMED BY MEANS OF COMBUSTION FOR PURPOSES OTHER THAN PRODUCING ELECTRICITY, PRODUCING A CHEMICAL OR METAL PRODUCT OR FOR TRANSPORT								
Activity Type	Fuel / Energy Commodity	Fuel Usage	Criterion	Sub-criterion	Amount	Units	Energy Content Factor (GJ/Unit)	Energy Content (GJ)
Emissions released from combustion of liquid fuels other than petroleum oils or greases - Stationary energy purposes	Diesel oil	combustion AA	-	-	193.14	kL	38.6	7,455
Total								7,455

ENERGY CONSUMED BY MEANS OTHER THAN COMBUSTION								
Activity Type	Fuel / Energy Commodity	Fuel Usage	Criterion	Sub-criterion	Amount	Units	Energy Content Factor (GJ/Unit)	Energy Content (GJ)
Purchase and loss of electricity from main electricity grid in a State or Territory	-	-	-	-	65,771	kWh	0.0036	237
Total								237

ENERGY PRODUCED							
Activity Type	Fuel / Energy Commodity	Primary/Secondary	Amount	Units	Energy Content Factor	Converted Amount (GJ)	
Energy content of fuel produced	Landfill biogas that is captured for combustion (methane only)	Primary	3,558,531	m3	0.0377	134,157	
Total						134,157	

ELECTRICITY PRODUCED					
Activity Type	Usage	Amount	Units	Energy Content Factor (GJ/Unit)	Converted Energy Content Amount (GJ)
Electricity (biogas generation)	For use offsite on a network	13,415,660	kWh	0.0036	48,296
Total					48,296

#### FACILITY THRESHOLD MET

The corporate group of CITY OF COCKBURN has not met a corporate group threshold, but members of the corporate group have had operational control of one or more facilities during the reporting period that have met a facility threshold as defined in section 13 (1)(d) of the NGER Act. Regulation 4.02(3)(b) only requires this Report to include information under Divisions 4.3 to 4.5 of the NGER regulations for the facilities that cause the facility threshold to be met.

## PRIVACY STATEMENT

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### PROTECTION OF INFORMATION

The Clean Energy Regulator is bound by the secrecy provisions of Part 3 of the *Clean Energy Regulator Act 2011* (CER Act) in regard to information it collects in relation to this report and also by the *Privacy Act 1988* in regard to personal information it collects.

### PRIVACY NOTICE

'Personal information' is defined in the Privacy Act 1988 to mean information or an opinion about an identified individual, or an individual who is reasonably identifiable:

- (a) whether the information or opinion is true or not; and
- (b) whether the information or opinion is recorded in a material form or not.

The collection of personal information relating to this report is authorised by the *National Greenhouse and Energy Reporting Act 2007* (NGER Act) and the National Greenhouse and Energy Reporting Regulations 2008.

Personal information collected in relation to this report will be used for the purposes of assessing the report content, auditing compliance, enforcement of relevant laws and regulations, the performance of our statutory functions and for related purposes. We will also use the personal information which you provide for our administrative purposes, for example, to pre-populate other Clean Energy Regulator forms which you wish to fill out online in the future, and for improving our service delivery to you. We cannot process the application if we do not collect relevant personal information.

The Clean Energy Regulator's Privacy Policy contains information about the agency's procedures for handling personal information including how a person can access their personal information held by the agency, and how to seek correction of such information. The Privacy Policy also contains information about how to complain about a breach of the Australian Privacy Principles. The Clean Energy Regulator's Privacy Policy can be found at [www.cleanenergyregulator.gov.au](http://www.cleanenergyregulator.gov.au).

### DISCLOSURE OF INFORMATION

The Clean Energy Regulator is only able to disclose information relating to this report (including personal information) in accordance with the CER Act, the NGER Act, the Privacy Act 1988 or as otherwise required by law.

The circumstances in which such information may be disclosed include:

- Disclosure to the Secretary or authorised officer of a Department for the purpose of administering a program or collecting statistics relating to greenhouse gas emissions, energy consumption or energy production;
- Disclosure to certain agencies, bodies or persons where the Regulator is satisfied that disclosure will enable or assist those agencies, bodies or persons to perform or exercise their functions or powers, including the Australian Securities and Investments Commission, the Australian Competition and Consumer Commission and the Commissioner of Taxation;
- Disclosure for the purposes of law enforcement;
- Disclosure to States and Territories in accordance with the NGER Act; and
- Disclosure for the purposes of a climate change law or for the purposes of the performance of our functions under a climate change law.

## DECLARATION

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The Executive Officer (or equivalent), as described in the *National Greenhouse and Energy Reporting Act 2007* (NGER Act), should read the following declaration below before electronically submitting the emissions and energy report.

It is the responsibility of the reporting entity to ensure that the information provided in the emissions and energy report is prepared in accordance with the requirements set out in the NGER Act and the National Greenhouse and Energy Reporting Regulations 2008 (NGER Regulations) and that the data it contains is based on methods prescribed in the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (NGER Measurement Determination).

Under the NGER Act and the NGER Regulations, the reporting entity remains responsible for the truth and accuracy of the contents of the emissions and energy report despite the assistance, if any, of a third party in its preparation.

Section 19 of the NGER Act includes a civil penalty provision, a breach of which may attract a pecuniary penalty of up to 2,000 penalty units. The *Crimes Act 1914* provides that one penalty unit is \$222.

In accordance with section 22 of the NGER Act, a reporting entity is required to keep records of the activities of the members of its group that, inter alia, allow it to report accurately and enable the Clean Energy Regulator to ascertain whether it has complied with its obligations under the NGER Act. Records must be retained for a period of 5 years from the end of the year in which the activities took place. Section 22 includes a civil penalty provision, a breach of which may attract a pecuniary penalty of up to 1,000 penalty units.

By electronically submitting, the signatory declares that:

- they have read and understood the penalties that apply for breaching the NGER Act;
- the information provided in this emissions and energy report (including any attachments) is true and correct, and that they understand that the provision of false or misleading information is a serious offence under the *Criminal Code 1995* and may have consequences under the NGER Act;
- the information provided in this emissions and energy report has been prepared and supplied in accordance with the requirements set out in the NGER Act, the NGER Regulations and the NGER Measurement Determination;
- they are duly authorised to act, including submitting this emissions and energy report, on behalf of the reporting entity;
- the Clean Energy Regulator may compel or conduct an audit of the information contained in this emissions and energy report or in relation to compliance with the NGER Act, the NGER Regulations and the NGER Measurement Determination;
- the Clean Energy Regulator may request further clarification or documentation to verify the information supplied in this emissions and energy report; and
- the entity providing the emissions and energy report and each group member (if any) listed in the report is a body corporate.



## 11.3 Governance and Strategy

### 11.3.1 Quarterly Strategic and Operational Risk

<b>Responsible Executive</b>	Executive Governance and Strategy
<b>Author</b>	Risk and Governance Advisor
<b>Attachments</b>	<ol style="list-style-type: none"><li>1. City of Cockburn Risk Assessment Matrix [Internal] 17/10/2022 <a href="#">↓</a></li><li>2. Strategic Risk Summary 11/08/2023 <a href="#">↓</a></li><li>3. Strategic Risk Detail 13 September 2023 <a href="#">↓</a></li><li>4. Operational Risk Detail for Substantial or greater risks 13 September 2023 <a href="#">↓</a></li></ol>

#### RECOMMENDATION

The Committee recommends Council:

- (1) RECEIVES the Quarterly Strategic and Operational Risk Report.

#### Background

This report provides an update to the Audit, Risk and Compliance Committee (the ARC) on the City of Cockburn's (the City) strategic and operational risks for the quarter June to August 2023.

This report was submitted to the Committee on 27 July 2023 but was deferred pending an update to some of the information presented.

A previous report of the risk register was considered by the ARC on 21 July 2022.

As per the presentation to Council on 17 August 2023 by Moore Australia, the ARC will advise Council as appropriate and have oversight of risk management activities whilst the Chief Executive Officer and Executive are accountable for the implementation and maintenance of sound risk management.

This report links to the Corporate Business Plan 2023-24:

Outcome 5: Community, Lifestyle and Security

Objective: 5.1 Best practice governance, partnerships and value for money

Strategy 5.1.1 Ensure good governance through transparent and accountable planning, processes, reporting, policy and decision-making

Item 5.1.1f - Deliver risk maturity improvement program delivery

#### Submission

N/A

**Report**

**Attachment 1 - City of Cockburn Risk Assessment Matrix 17/10/2022**

The City’s risk management decisions are based on the Australian Standard AS ISO 31000: 2018 *Risk management-Guidelines* where assessments are conducted in a structured consistent manner, and common language is used and understood throughout the organisation.

ISO 31000: 2018 promotes an integrated, whole-of-organisation risk management approach, to achieve business objectives, enhance organisational value and ensure legislative and regulatory compliance.

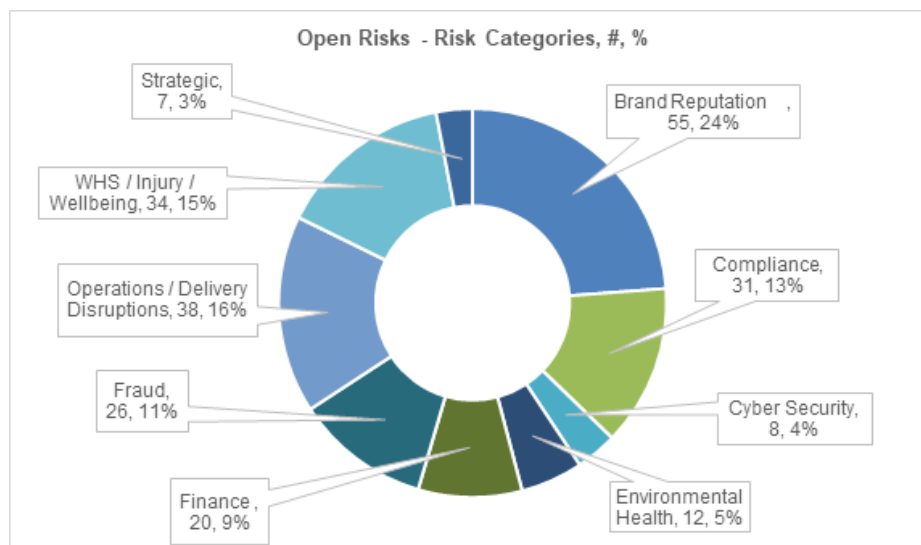
The Risk Assessment Matrix is used for risk analysis and evaluation, comprehending the nature of the risk, and determining the level of risk exposure (likelihood and consequence).

In August 2023, the Corporate Affairs, Governance and Strategy, People Experience and Transformation, Finance, and Built and Natural Environment Divisions reviewed their open risks, and the reduction is outlined below in Table 1. This illustrates a decrease of 19%, from 284 to 231.

**Table 1: Changes in Open Risks – July 2022 to August 2023**

Residual Risk Level	July 2022	August 2023	Change
Low	136	100	-36
Moderate	134	122	-12
Substantial	11	6	-5
High	1	1	0
Extreme	2	2	0
<b>Total</b>	<b>284</b>	<b>231</b>	<b>-53</b>

**Figure 1: Composition of Risk Register on 28 September 2023**



**Attachment 2 - Strategic Risk Summary 11/08/2023**

Strategic risks reflect the internal and external forces capable of threatening the City's ability to achieve its strategic objectives or affect its long-term positioning and performance.

The last formal review by the Chief Executive Officer and Executive of the strategic risks was in 2019, when they were reduced from 25 to the current seven.

Following the Risk Maturity Review undertaken by Moore Australia which was presented to the ARC on 25 May 2023, the Chief Executive Officer and Executive have commenced a further review of the strategic risks at the City.

The City's strategic risks all have a moderate residual risk which is the remaining risk after controls and treatments are in place.

**Attachment 3 - Strategic Risk Detail 13/09/2023**

This report outlines each strategic risk and provides an update on open actions being undertaken to mitigate each risk.

Actions can be undertaken by different divisions for the same risk. The business continuity and crisis management risk is an example of where many actions are undertaken across divisions to prepare the City for this risk, leaving only the residual risk.

**Attachment 4 - Operational Risk Detail for SUBSTANTIAL or Greater Risks 13/09/2023**

There are nine operational risks, with residual risk ratings substantial or greater, including one high and two extreme risks.

The three risks with the highest risk rating are climate change related which is replicated across Australian local governments, with Disaster, Catastrophic Events and Climate Change and Adaptation ranked in the top 10 risks [JLT Public Sector Risk Report 2023, JLT Risk Solutions Pty Ltd]. Further detail is provided in Attachment 4.

**Strategic Plans/Policy Implications**Listening & Leading

A community focused, sustainable, accountable and progressive organisation.

- Best practice Governance, partnerships and value for money.
- Employer of choice focusing on equity, innovation and technology.

**Budget/Financial Implications**

N/A

## Legal Implications

*Local Government (Audit) Regulations 1996*

17. CEO to review certain systems and procedures

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
  - (a) *risk management; and*
  - (b) *internal control; and*
  - (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

## Community Consultation

N/A

## Risk Management Implications

The purpose of the ARC is to provide independent assurance and assistance to the Council in overseeing the financial reporting process, monitoring the effectiveness of internal control systems, assessing the management of financial and other risks, and ensuring compliance with relevant laws and regulations.

The ARC also aims to promote transparency and accountability in the City's operations and to provide guidance and recommendations for continuous improvement of financial and risk management practices.

The ARC facilitates compliance with the Council functions under Part 7 of the Act in relation to Audit requirements.

The ARC facilitates monitoring and reporting on the effectiveness of the City's risk management framework, including reviewing risk assessments, risk treatment plans, and the effectiveness of controls.

## Advice to Proponent(s)/Submitters

N/A

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

N/A

City of Cockburn Enterprise Risk Management - risk assessment and acceptance criteria

Risk Assessment Matrix																
Risk Category												Likelihood / Probability				
Consequence / Severity	Brand Reputation	Compliance	Cyber Security	Environmental Health	Finance	Fraud	Operations / Delivery Disruptions	Project			WHS / Injury / Wellbeing	Rare 1	Unlikely 2	Possible 3	Likely 4	Almost certain 5
								Quality	Cost	Time		Theoretically such an event is possible but not expected to occur during an operation / asset life / project.	Possible that such an event may occur once during operation / asset life / project.	Such an event may occur more than twice during an operation / asset life / project.	Such events may occur frequently during an operation / asset life / project.	Such events are expected to occur routinely during an operation / asset life / project.
Insignificant 1	Low impact. Low profile. No complaint.	Minor breach of policy / process requiring some response with little impact on other criteria.	Scanning or reconnaissance. Negligible effect on organisation.	An insignificant environmental event that can be immediately corrected under the control of the City.	< \$50,000 or < 5% of OP. Little or no impact on asset.	Single opportunistic dishonest activity or asset misappropriation. Internal or external.	Little impact. Business as usual. < 5% variation against KPI.	Majority of milestones and objectives being achieved with minor variation to scope and/or quality reported. Minor impact absorbed through project.	< 5% of Project Budget or < \$50,000 whichever is lower.	< 5% of Project Timeline or < 30 days, whichever is lower.	No injuries.	Low 1	Low 2	Low 3	Low 4	Moderate 5
Minor 2	Low impact. Low profile. Low media attention. Possible complaint.	Compliance breach of policy / process requiring additional work or minimal damage control.	Low-level malicious attack; targeted reconnaissance, phishing, non-sensitive data loss. Causes spurious real time systems slowing for organisation.	A minor environmental event that can be corrected through system improvements within the City.	\$50k ≤ < \$250k or 5% ≤ < 10% of OP. Minor loss or damage.	Theft of confidential or personal information, or intellectual property. Repetitive dishonest activity or asset misappropriation. Internal or external.	Minor impact. Easily dealt with. Still business as usual. 5 ≤ < 10% variation against KPI.	Minor impact on milestones and objectives being achieved with minor variation to scope and/or quality reported. Disruptive impact on project deliverables expected.	5% ≤ < 10% of Project Budget or \$50k ≤ < \$250k, whichever is lower.	5% ≤ < 10% of Project Timeline or 30 ≤ < 60 days, whichever is lower.	First aid treatment.	Low 2	Low 4	Moderate 6	Moderate 8	Substantial 10
Major 3	Moderate impact. Moderate media attention. Public complaint.	Compliance breach requiring investigation, mediation or restitution and breach of legislation or regulations.	Malware, beaconing or other active network intrusion; temporary system / service disruption. Loss of confidentiality, integrity, or availability causes limited effect on organisation.	A moderate environmental event that can be remediated but requires multiple stakeholder input.	\$250k ≤ < \$1m or 10% ≤ < 25% of OP. Major damage to asset.	Falsifying financial or procurement records to obtain an improper or financial benefit. Internal or external.	Some objectives affected. Can continue business as usual, with minor controls executed. 10 ≤ < 25% variation against KPI.	Major impact on milestones and objectives being achieved with minor variation to scope and/or quality reported. Serious impact on project deliverables expected.	10% ≤ < 25% of Project Budget or \$250k ≤ < \$1m, whichever is lower.	10% ≤ < 25% of Project Timeline or 60 ≤ < 90 days, whichever is lower.	Medical treatment. No lost time injury (LTI).	Low 3	Moderate 6	Moderate 9	Substantial 12	High 15
Critical 4	Damage to reputation. Public embarrassment. High media attention. Several public complaints. Third party legal action.	Compliance breach involving external investigation or third party actions resulting in tangible loss or reputation damage to the City and breach of legislation or regulations.	Exfiltration or deletion / damage of key sensitive data or intellectual property. Loss of confidentiality, integrity, or availability causes some adverse effect on organisation.	A significant environmental event where rehabilitation involves multiple stakeholders and various levels of the community and government.	\$1m ≤ < \$5m or 25% ≤ < 50% of OP. Significant loss of asset.	Persistent planned or systematic dishonest activity or asset misappropriation. Internal or external.	Some major objectives cannot be achieved. Business can still deliver, but not to expected level. 25 ≤ < 50% variation against KPI.	Major impact on milestones and objectives being achieved with significant variation to scope and/or quality reported. Critical impact on project deliverables expected.	25% ≤ < 50% of Project Budget or \$1m ≤ < \$5m, whichever is lower.	25% ≤ < 50% of Project Timeline or 90 ≤ < 120 days, whichever is lower.	Partial disablement or severe injury. LTI < 10 days.	Low 4	Moderate 8	Substantial 12	High 16	Extreme 20
Catastrophic 5	Irreversible damage to reputation. Very high level of public embarrassment. Very high media attention. Many public complaints.	Compliance breach involving regulatory investigation and / or third party actions resulting in tangible loss or significant reputation damage to the organisation and breach of legislation or regulations.	Sustained disruption of essential systems and associated services. Loss of confidentiality, integrity or availability causes serious adverse effect on organisation.	A severe environmental event requiring multiple stakeholders, all levels of the community and government to remediate.	≥ \$5 million or ≥ 50% of OP. Complete loss of asset.	Irretrievable losses of significant assets or resources through dishonesty, deception or corrupt use of powers causing significant damage to the financial position of the organisation.	Most objectives cannot be achieved. Business cannot operate. ≥ 50% variation against KPI.	Catastrophic impact on milestones resulting in the failure to achieve one or more objectives of the project.	≥ 50% of Project Budget or ≥ \$5 million, whichever is lower.	≥ 50% of Project Timeline or ≥ 120 days, whichever is lower.	Death or permanent disablement. LTI ≥ 10 days.	Moderate 5	Substantial 10	High 15	Extreme 20	Extreme 25

Risk Acceptance Criteria			
Risk Level	Criteria	Treatment	Responsibility
Low	Risk acceptable with adequate controls, managed by routine procedures. Subject to annual monitoring or continuous review throughout project lifecycle.	Management through routine operations/project, Risk Registers to be updated.	Head Business Unit / Service Unit / Project Manager
Moderate	Risk acceptable with adequate controls, managed by specific procedures. Subject to semi-annual monitoring or continuous review throughout project lifecycle.	Communication and awareness of increasing risk provided to Head Business Unit / Service Unit, Risk Registers to be updated.	Head Business Unit / Service Unit / Project Manager
Substantial	Accepted with detailed review and assessment. Action Plan prepared and continuous review.	Assess impact of competing Business Unit / Service Unit Projects. Potential redirect of Business Unit / Service Unit resources. Risk registers to be updated.	Division Chief / Executive / Steering Committee
High	Risk acceptable with effective controls, managed by Senior Leadership Team Member. Subject to quarterly monitoring or continuous review throughout project lifecycle.	Escalate to CEO, report prepared for Audit & Strategic Finance Committee. Quarterly monitoring and review required. Risk Registers to be updated.	Division Chief / Executive / Steering Committee / Project Sponsor
Extreme	Risk only acceptable with effective controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring.	Escalate to CEO, report prepared for Audit & Strategic Finance Committee. Monthly monitoring and review required. Risk Registers to be updated.	CEO / Council / Project Sponsor

Existing Control Ratings		
Rating	Foreseeable	Description
Effective	Doing more than what is reasonable under the circumstances.	1. Existing controls exceed current legislated, regulatory and compliance requirements, and surpass relevant and current standards, codes of practice, guidelines and industry benchmarks expected of this organisation; and 2. Subject to continuous monitoring and regular testing; and 3. Any control improvements that can be implemented have minimal impact on operations.
Adequate	Doing what is reasonable under the circumstances.	1. Existing controls are in accordance with current legislated, regulatory and compliance requirements, and are aligned with relevant and current standards, codes of practice, guidelines and industry benchmarks expected of this organisation; and 2. Subject to continuous monitoring and regular testing; and 3. Control improvements may be implemented.
Inadequate	Not doing some or all things reasonable under the circumstances.	1. Existing controls do not provide confidence that they meet current legislated, regulatory and compliance requirements, and may not be aligned with relevant and current standards, codes of practice, guidelines and industry benchmarks expected of this organisation; and 2. Controls not operating as intended and have not been reviewed and tested; and 3. Existing controls need to be improved.

WHS / Injury / Wellbeing Hierarchy of Control		
Effectiveness	Control methodology	Impact on unwanted event (hazard), and examples
100% Effective	Elimination	Remove the hazard, or unwanted event, completely or discontinue the process or practice. For example, if the electric cable from a stage microphone is a trip hazard, use a wireless microphone instead.
Increasing	Substitution	Replace a hazardous or vulnerable system, material, practice or process with one that presents a lower risk. For example, if an outdoors event is conducted during a summer day, use of market umbrellas could be substituted by providing marquees or shade sails.
	Isolation	Use lockable barriers to restrict unauthorised access and separate people from hazard, practice or process. For example, install guards on machines where there is a risk of a person being trapped in a machine.
	Engineering	Change the physical characteristics of the practice or process through engineering redesign. For example, provide ramps if patrons in wheelchairs will be attending an event.
	Administrative	Establish appropriate policies, practices, procedures, guidelines and operating instructions to control exposures to unwanted events. For example, if an event requires serving of alcohol, ensure that bar employees have been trained in 'Responsible Service of Alcohol'.
≤ 20% Effective	Personal Protective Equipment	Provide appropriate safety equipment. For example, traffic controllers need to be provided with long sleeves, long trousers, wide brimmed sunhats and high visibility safety vests.



### Risk Register



Risk Type Strategic

Risk Category Strategic

Risk Manager: Emma Milne Assessment Record: 1 Risk Category: Strategic

ID	Risk	Risk Description	Residual
1	Business continuity and crisis management	Failure to provide business continuity of the City's core services in the event of a major crisis/emergency.	Moderate (9)

Risk Manager: Victoria Green Assessment Record: 2 Risk Category: Strategic

ID	Risk	Risk Description	Residual
4	Stakeholder relationships	Failure to develop and maintain strategic partnerships and relationships with government agencies and other key stakeholders.	Moderate (9)

Risk Manager: Anton Lees Assessment Record: 3 Risk Category: Strategic

ID	Risk	Risk Description	Residual
3	Project management planning	Failure to consistently plan for capital works projects.	Moderate (9)

Risk Manager: Lorenzo Santoriello Assessment Record: 4 Risk Category: Strategic

ID	Risk	Risk Description	Residual
5	Built and natural environment	Failure to maintain the City's built and natural environment and resources in a sustainable manner.	Moderate (9)

Risk Manager: Emma Milne Assessment Record: 2 Risk Category: Strategic

ID	Risk	Risk Description	Residual
2	Strategic direction	Lack of clear and aligned strategic vision, direction and implementation.	Moderate (8)

Risk Manager: Nelson Mauricio Assessment Record: 5 Risk Category: Strategic

ID	Risk	Risk Description	Residual
7	Financial sustainability	Erosion of Council's financial sustainability.	Moderate (8)

Risk Manager: Nelson Mauricio Assessment Record: 5 Risk Category: Strategic

ID	Risk	Risk Description	Residual
6	Technology use and change	Failure to identify, manage and capitalise on the effective and efficient use of changing technology.	Moderate (8)

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## Strategic Risk Detail 13 September 2023

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
1	Business continuity and crisis management	Failure to provide business continuity of the City's core services in the event of a major crisis / emergency.	Major 3	Possible 3	Moderate 9	Emma Milne Executive Governance and Strategy
<b>Update</b> <ol style="list-style-type: none"> <li>1. <i>City of Cockburn Local Emergency Management Arrangements 2018</i> is currently being updated by Fire and Emergency Management Services. Newly identified Local Recovery Coordinators are attending training in September 2023 as part of this review – estimated completion is Q4 FY24;</li> <li>2. The <i>City of Cockburn Bushfire Risk Management Plan (BRMP)</i> was out for public comment during July and August 2023 and is currently being revised based on feedback received. The Department of Fire and Emergency Services will then review the plan for quality assurance and alignment to the BRMP Guidelines. It is anticipated that the BRMP will be presented to the Audit Risk and Compliance Committee 7 December 2023;</li> <li>3. <i>City of Cockburn Business Continuity Response Plan</i> reviewed in FY23, additional review required in line with Risk Maturity Review outcomes;</li> <li>4. <i>City of Cockburn Crisis Communication Plan (Playbook)</i> is currently being reviewed by Communications and Marketing Service Unit – estimated completion is Q2 2023;</li> <li>5. <i>City of Cockburn Disaster Recovery Design Document (IT)</i> is being reviewed by the newly appointed ICT Manager - estimated completion is Q3 FY24;</li> </ol>						
2	Strategic direction	Lack of clear and aligned strategic vision, direction, and implementation.	Critical 4	Unlikely 2	Moderate 8	Emma Milne Executive Governance and Strategy
<b>Update</b> <ol style="list-style-type: none"> <li>1. The State Government's Integrated Planning and Reporting Framework is in place. The Corporate Business Plan content aligns with the framework and quarterly tracking and reporting are undertaken. The Strategic Community Plan content is in place and measures are tracked annually. A major review is on the horizon, commencing in FY24 with line of site between Strategic Outcomes and City operations is under development.</li> <li>2. A detailed audit of informing strategies and their associated financial implications will inform the updating of the <i>City of Cockburn Long Term Financial Plan 2019-2020 to 2032-2033</i>- estimated completion date is FY23-24.</li> </ol>						

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
3	Project management planning	Failure to consistently plan for capital works projects	Major 3	Possible 3	Moderate 9	Anton Lees Chief of Operations
<b>Update</b> 1. Project Portfolio Management (PPM) solution roll out is ongoing with additional users upskilled and trained. The project management culture has improved substantively along with a greater comprehension of the Quality management triangle (time, scope and cost). There has been increased improvement and automation of Project Management information reporting with an Executive Management Report and detailed project dashboards.						
4	Stakeholder relationships	Failure to develop and maintain strategic partnerships and relationships with government agencies and other key stakeholders.	Major 3	Possible 3	Moderate 9	Victoria Green Executive Corporate Affairs
<b>Update</b> 1. The City has made significant progress in the mitigation of this risk, with greater oversight and coordination of stakeholder engagement through the Corporate Affairs team, formal Memorandums of Understanding and Advisory Groups set up with key stakeholder sectors, and a proactive program of engagement related to advocacy priorities and international relationships.						
5	Built and natural environment	Failure to maintain the City's built and natural environment and resources in a sustainable manner.	Major 3	Possible 3	Moderate 9	Lorenzo Santoriello A/Chief of Built and Natural Environment
<b>Update</b> 1. Fringing reef has been installed, rock revetments are being assessed, yearly coastal monitoring continues, sand bypassing and backpacking occurs as required; 2. Asset management team organise the CoC Marina and Coastal Asset Management Plan 2020 - 2024. A maintenance inspection was conducted by M P Rogers & Associates, and the <i>City of Cockburn Marina and Coastal Assets Report</i> was provided in July 2022. This supported decision-making for projects in the next financial year; 3. Several the actions from the Recommended Implementation Plan of the <i>Coogee Beach Foreshore Management Plan 2020</i> have been completed - including sand bypassing, benefit distribution analysis, Coogee Beach Jetty upgrade, swimming enclosure lease renewal, disabled accessway completed, and the Surf Lifesaving Club tower has been installed.						



RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
4. Identified actions from the <i>City of Cockburn Climate Change Strategy 2020-2030</i> and <i>Natural Area Management Strategy</i> continue to be implemented. Regular inspections, maintenance and repairs continue to be undertaken on City facilities.						
6	Technology use and change	Failure to identify, manage and capitalise on the effective and efficient use of changing technology.	Critical 4	Unlikely 2	Moderate 8	Nelson Mauricio A/Chief Financial Officer
<b>Update</b> <ol style="list-style-type: none"> <li>The City's main website and several others have successfully been moved into the Cloud.</li> <li>A project has commenced to move its main ERP software system (TechnologyOne) into the cloud using the provider's Software as a Service (SaaS) platform (expected completion October 2024).</li> <li>Financials and Procurement modules within TechnologyOne ERP upgraded to the latest web browser version (Ci Anywhere).</li> <li>Building Efficiency Through Technological Innovation' (BETTI) project to utilise smart technology for remote controlling of the City's buildings Cockburn Aquatic and Recreation Centre (ARC) using smart technology with Beeliar Community Centre next in line (September 2023).</li> <li>The City continues to improve its cyber security posture and maturity level through implementation of actions addressing recent audits (ASD Essential 8 and ISO 27001) with Executive Committee oversight and reports to the Audit Risk &amp; Compliance Committee</li> <li>Project planned and budgeted in FY24 to refresh staff IT requirements to better support flexible working arrangements.</li> </ol>						
7	Financial sustainability	Erosion of Council's financial sustainability.	Critical 4	Unlikely 2	Moderate 8	Nelson Mauricio A/Chief Financial Officer
<b>Update</b> <ol style="list-style-type: none"> <li>Annual capital budgeting now informed by an Investment Prioritisation Optimisation process, resulting in a more realistic and deliverable capital program matched to the City's funding capacity;</li> <li>A comprehensive and holistic approach to the annual business and budget planning cycle was undertaken with the Elected Members.</li> <li>Significant rise in interest rates creating opportunity to leverage investment earnings from the City's substantial cash holding;</li> <li><i>City of Cockburn Long Term Financial Plan 2020-2021 to 2029-2030</i> will be updated in 2023-24 to reflect current economic factors and updated strategic planning outcomes.</li> </ol>						

## Operational Risk Detail for Substantial or greater risks 13 September 2023

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
8	Community infrastructure damage from climate change impacts  [Environmental Health risk]	Reduced public safety, health and wellbeing caused by climate change impacts (changes to rainfall and increased bushfires, temperatures and extreme weather events).	Catastrophic 5	Likely 4	Extreme 20	Chris Beaton  [ExCo member: Lorenzo Santoriello]
<p><b>Update</b></p> <p>1. New Council buildings incorporate standard BAU ESD guidelines. The sustainability policy also requires all new buildings to invest an additional 3% of construction costs to be allocated to ESD over and above best practise;</p> <p>2. Cockburn DFES representative and City's Bushfire Control Officers undertake annual assessments prior to the bushfire season in November. Any works that are identified as required are undertaken.</p> <p>3. The <i>City of Cockburn Bushfire Risk Management Plan (BRMP)</i> was out for public comment during July and August 2023 and is currently being revised based on feedback received. The Department of Fire and Emergency Services will then review the plan for quality assurance and alignment to the BRMP Guidelines. It is anticipated that the BRMP will go to the Audit Risk and Compliance Committee, 7 December 2023.</p>						
9	Public health decline from climate change  [Environmental Health risk]	Reduced public safety, health and wellbeing caused by climate change impacts (changes to rainfall and increased bushfires, temperatures, and extreme weather events).	Catastrophic 5	Likely 4	Extreme 20	Chris Beaton  [ExCo member: Lorenzo Santoriello]
<p><b>Update</b></p> <p>1. The <i>City of Cockburn Climate Change Strategy 2020-2030</i> contains numerous actions for the City's service units including responses such as public messaging when the Department of Health (WA) declares a heatwave for Perth. This primarily requires action by communications for messaging on the City's website, <i>Facebook</i> and other social media and the Senior Centre acting to advise their vulnerable members of the risk;</p> <p>2. The City's Public Health Plan is being finalised for publication of an updated version FY24. The plan will include actions that assist in the reduction of climate change risk to the public including heat stress, increases in mosquito and vector borne disease, food poisoning, nuisance species, bushfires, pandemics, extreme weather events, etc;</p>						

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
<p>3. The <i>City of Cockburn Bushfire Risk Management Plan (BRMP)</i> was out for public comment during July and August and is currently being revised based on feedback received. The Department of Fire and Emergency Services will then review the plan for quality assurance and alignment to the BRMP Guidelines. It is anticipated that the BRMP will go to the Audit Risk and Compliance Committee, 7 December 2023.</p>						
10	<p>Biodiversity loss from climate change impacts</p> <p>[Compliance risk]</p>	<p>Damage to or loss of biodiversity and natural habitat, caused by climate change impacts (decreased rainfall and increased bushfires, temperatures, and extreme weather events).</p>	Critical 4	Likely 4	High 16	<p><b>Chris Beaton</b></p> <p>[ExCo member: Lorenzo Santoriello]</p>
<p><b>Update</b></p> <ol style="list-style-type: none"> <li>Coastal Adaptation Plan (CAP) actions implemented as required. CAP document to be reviewed and CHARMAPS to be prepared which will identify specific areas of concern. To be completed by June 2024;</li> <li>The coastal monitoring program is undertaken annually in partnership with Cockburn Cement. Additional monitoring the success of the Engineered Fringing Reef. Information sharing agreement in place between Cockburn Cement and the City;</li> <li>Foreshore Management Plans to be updated with latest climate change data. To be completed by December 2023.</li> </ol>						
11	<p>Coastal impacts from sea level rise</p> <p>[Environmental Health risk]</p>	<p>Legal liability and damage to or loss of natural environment, infrastructure, and coastal land, caused by sea level rise.</p>	Major 3	Likely 4	Substantial 12	<p><b>Chris Beaton</b></p> <p>[ExCo member: Lorenzo Santoriello]</p>
<p><b>Update</b></p> <ol style="list-style-type: none"> <li>Coastal monitoring program continues to be undertaken and assessed twice per annum in winter and summer. Additional monitoring undertaken for Engineered Fringing Reef. Data is reviewed to assess effectiveness and any areas of concern by the City's Coastal Engineer. Information sharing agreement in place between Cockburn Cement and the City.</li> <li>Site specific management plans to be prepared and updated based on current climate scenarios. To be completed by December 2023.</li> <li>Obtained legal advice to clarify the liability of the City in the event of coastal climate change risk scenarios - ongoing.</li> </ol>						

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
4. Foreshore Management Plans to be updated with latest climate change data. To be completed by December 2023.						
12	Community support [Financial risk]	Failure to obtain community support for strategic planning functions.	Critical 4	Possible 3	Substantial 12	Carol Catherwood [Lorenzo Santoriello]
<p><b>Update</b></p> <p>1. Most strategic planning projects have advertising processes (controlled by state government) rather than community engagement. Planners only undertake community engagement for specific and occasional projects. These are carried out in line with an approved community engagement plan (approved by Corporate Affairs). It is not realistic to expect complete support for all strategic planning functions, however, the City having recently reviewed its local planning strategy has the benefit of recent community input into the high-level strategic land use planning guidance for the City of Cockburn.</p> <p>The subsequent steps of implementing the updated strategy will include planning at the local area or 'place' level where community aspirations will be better articulated at the scale which is often of greater community interest. Knowing those aspirations at City and local area level helps to realise those visions in practice – but also builds understanding of what City strategic planning functions are (and their limitations).</p>						
16	Reduced water availability from decreased rainfall [Compliance risk]	Decreased liveability, reduced water availability, loss of urban vegetation and biodiversity caused by climate change impacts (decreased rainfall).	Minor 2	Almost certain 5	Substantial 10	Chris Beaton [ExCo member: Lorenzo Santoriello]
<p><b>Update</b></p> <p>1. Water Sensitive Urban Design initiatives continue to be implemented for all City facilities. Assessments also undertaken for private development by Subdivision engineers;</p> <p>2. Liaison with the Water Corporation and the Department of Water and Environmental Regulation undertaken annually in October. Water Efficiency Action Plan and associated actions also approved by the Water Corporation in March each year;</p> <p>3. Urban Forest Plan actions continue to be implemented. Review of UFP currently underway. Urban Forest Officer approved for FY24 budget.</p>						

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
17	Urban forest decline from climate change [Compliance risk]	Urban forest decline caused by climate change impacts (increased temperatures and decreased rainfall).	Minor 2	Almost certain 5	Substantial 10	Lou Vieira [ExCo member: Anton Lees]
<p><b>Update</b></p> <p>1. This risk links to the Corporate Business Plan 2023-24:                      Outcome 2: Environmental Responsibility                      Objective: 2.1 Protection and enhancement of our natural areas, bushland, parks and open spaces.                      Strategy 2.1.2 Improve our urban forest and streetscapes across the City.                      The budget allocated to this for FY24 is \$750K with street tree audits completed every 5 years and bushland condition ratings every 4 years.</p>						
288	Child safe organisation [WHS risk]	Failure by the City of Cockburn to resource for, and anticipate legislative requirements, to comply with the National Principles for Child Safe Organisations	Catastrophic 5	Unlikely 2	Substantial 10	David van Ooran Chief of Community Services
<p><b>Update</b></p> <p>1. The document <i>City of Cockburn Administration Policy Notifiable and Reportable Conduct</i> [ECM Doc Set ID: 11385253] was endorsed by ExCo on 14 February 2023;</p> <p>2. The promotion of awareness through employee training or inductions of the National Principles for Child Safe Organisations as outlined by the Child Safe Organisations National Principles, Australian Human Rights Commission, Sydney 2018, has commenced with an internal workshop held to work through the national principles and understand strengths and areas requiring action. The Royal Commission into Institutional Responses to Child Sexual Abuse is holding a forum on the 20 October 2023 to assist in the progression of framework development at which the City is registered to attend. It is anticipated that next steps and resourcing required will be known by end of the 2023.</p>						

RMSS Risk ID	Risk name	Risk description	Consequence	Likelihood	Residual risk	Risk owner
289	Workplace psychosocial hazards [WHS (Bullying and harassment) risk]	Inability to provide for workers a safe work place free from exposure to bullying and harassment	Catastrophic 5	Unlikely 2	Substantial 10	Chantelle Hanrahan  Executive People Experience and Transformation
<p><b>Update</b></p> <ol style="list-style-type: none"> <li>1. The <i>City of Cockburn Bullying and Harassment Administration Policy</i> was adopted on 14 February 2023 [ECM Docs Set 11577821]. Training has been undertaken by all members of the Senior Leadership Team.</li> <li>2. The <i>City of Cockburn Code of Conduct – The Cockburn Way</i> [ECM Doc Set ID: 11145350] is now available as a <i>CiAnywhere</i> online induction;</li> <li>3. The City's Work Health and Safety Policy reiterates the expectation that psychological hazards are mitigated and managed.</li> <li>4. The City has undertaken a gap analysis of mitigation against psychological workplace hazards with the current management framework being deemed fit for purpose.</li> </ol>						

### 11.3.2 Independent Member - Audit Risk and Compliance Committee

**Responsible Executive** Executive Governance and Strategy

**Author(s)** Manager Legal and Compliance

**Attachments**

1. Applicant 1 CV **(Confidential)**
2. Applicant 1 EOI **(Confidential)**
3. Applicant 2 CV **(Confidential)**
4. Applicant 2 EOI **(Confidential)**

#### RECOMMENDATION

The Committee recommends Council:

- (1) AMENDS the Terms of Reference for the Audit Risk and Compliance Committee to provide for two (2) independent members of the Committee; and
- (2) APPOINTS Applicant 1 and Applicant 2 as independent members of the Audit Risk and Compliance Committee.

#### Background

On 14 June 2023 the City's Independent Member of the Audit Risk and Compliance Committee (ARC), Glyn Geen resigned. Subsequently, Council resolved to:

- (1) *REQUESTS the Chief Executive Officer commences advertisement for an external Independent Member of the Audit Risk and Compliance Committee.*

The Expression of Interest (EOI) was advertised on 23 August 2023 for two weeks, on the City's website and on Seek. The City received two submissions.

#### Submission

N/A

#### Report

The City received two applications, attached to this report.

The process of the EOI sought applicants from those who were "*qualified and experienced in financial management and internal control, business management, governance, or corporate risk management, and may be practicing or recently retired from their respective profession. Exposure to local government financial management and reporting is not essential but will be highly regarded.*"

The two applications received have been deemed to meet the criteria in the EOI and has presented an opportunity for the ARC and Council to consider the appointment of two independent members.

This report recommends the appointment of both applicants to the Audit Risk and Compliance Committee, for a two-year term, commencing October 2023, in line with the City's ordinary election cycle.

The input of a professional person external to the organisation has proved to be a useful mechanism for providing professional expertise and advice on matters within the Committee's brief.

It is considered an added layer of value to have this external view of the operations and responsibilities of the Committee provided by a person with external expertise in Audit related functions, which are very wide ranging in a local government environment.

Appointment of independent members for local government audit committees has become a best practice approach within the sector.

Several local governments in Western Australia have now introduced more than one independent audit committee member.

It is expected the provisions which will allow for payment of a fee to committee members who are not councillors will be introduced some time in 2024.

### **Strategic Plans/Policy Implications**

#### Listening and Leading

A community focused, sustainable, accountable, and progressive organisation.

- Best practice Governance, partnerships and value for money.
- Employer of choice focusing on equity, innovation and technology.

### **Budget/Financial Implications**

The local government reform will see changes to the *Local Government Act 1995* which will create provisions for local governments to make payment to independent committee members, in accordance with the prescribed amounts set by the Salaries and Allowances Tribunal.

When those changes are in place, a report will be presented to Council to amend the budget if required.

The City can reimburse expenses.

### **Legal Implications**

Section 7.1A of the *Local Government Act 1995* refers.

### **Community Consultation**

The City advertised an EOI on 23 August 2023 to receive applications.



**Risk Management Implications**

Appointment of an independent member is best practice, and a common audit recommendation due to the benefit and value of professional advice and expertise afforded by an external.

There is a low risk associated with opting not to continue with the practice of appointing an independent member to the City's audit committee.

**Advice to Proponent(s)/Submitters**

The Proponent(s) and those who lodged a submission on the proposal have been advised that this matter is to be considered at the 28 September 2023 Audit Risk and Compliance Committee.

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

Nil.

**12. Motions of Which Previous Notice Has Been Given**

Nil

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

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

**15. Matters to be Noted for Investigation, Without Debate**

Nil

**16. Confidential Business**

Nil

**17. Closure of Meeting**