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Auditor General finds local governments are generally timely in paying suppliers, but recommends improvements

In her local government audit report, *Timely Payment of Suppliers*, tabled in Parliament today, Auditor General Caroline Spencer found that while local governments were generally paying suppliers on time, more could be done to improve consistency of payment timeframes.

The audit assessed whether 10 local governments – large and small, regional and metropolitan – were making timely payments to suppliers in accordance with better practice.

Ms Spencer said timely payments were important to assist the continued viability of businesses and to help small businesses to manage cash flow and administrative costs and to avoid late payment fees.

‘While most payments were made in a timely manner, most sampled local governments did not have formal timely payment policies in place, leading to inconsistencies in payment timeframes,’ she said.

‘Seven of the 10 local governments we sampled did not have formal timely payment policies and practices in place, which led to inconsistencies in payment timeframes.’

The audit found that 13% of sampled payments were later than supplier requirements or management policy or procedures without valid reason.

‘All local governments should have policies or procedures that clearly require payments of invoices within specified timeframes and they should then adhere to these,’ Ms Spencer said.

‘I am pleased that the sampled local governments were accepting of our findings and confirmed that where relevant, they have either amended policies, procedures or administrative systems or will improve practices for managing timely payments.

‘Our local government focus area audits look at a diverse range of local governments and highlight improvement opportunities that are likely to be applicable to the broader sector.

‘I encourage all local governments, and not just those audited, to assess their own practices for managing timely payments,’ she said.

The Auditor General’s report, *Timely Payment of Suppliers* (Report 12 – June 2018), is available on the Office of the Auditor General website at www.audit.wa.gov.au

ENDS

