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11 October 2018

## **Auditor General finds improvements are needed to strengthen local government procurement controls**

Western Australia's Auditor General, Ms Caroline Spencer, has found that while the procurement policies of 8 sample local governments<sup>1</sup> broadly met regulatory requirements, improvements are needed to address procurement risks and ensure probity and value for money in procurement practices.

The [Local Government Procurement](#) report was tabled in Parliament today, and it reveals that controls, documentation, and oversight of procurement activities need to improve at all 8 metropolitan and regional local governments.

Ms Spencer said ratepayers expect local governments to appropriately spend public money to ensure their communities receive quality services and outcomes that are value for money.

'Having purchasing policies and controls that are effective is essential if local governments, and the ratepayers they serve, are to have confidence in how their money is spent' she said.

Local governments in Western Australia manage more than \$40 billion in community assets and spend over \$4 billion annually on essential community services and infrastructure such as roads and footpaths, public spaces, recreational facilities, and rubbish collection.

'All local governments should have robust procurement practices that are fit for purpose, and centre around the principles of probity, accountability, and transparency,' said Ms Spencer.

The audit identified that procurement policies at each local government broadly met the regulatory requirements under the [Local Government Act 1995](#). However, procurement practices that focus on minimum compliance with legislation are unlikely to provide adequate oversight and controls to address procurement risks at local governments.

More can still be done by local governments to monitor procurement controls and the effectiveness of their purchasing processes.

The audit also found that:

- while all 8 local governments had procurement policies and procedures in place, they were not always effectively and consistently used
- local governments need better procurement oversight and controls
- procurement decisions, and conflict of interests, need to be better documented.

There was no notable difference in the effectiveness of procurement controls between regional and metropolitan, and small or large local governments. The audit did not identify any evidence of misconduct.

The Auditor General has recommended that:

1. All local governments, including those not sampled in this audit, should review their policies, processes and controls against the focus areas of our audit.
2. Each of the 8 local governments audited should provide an action plan to address the first recommendation, table it with their Council, and make it available on their website as per the [Local Government Act 1995](#).

The procurement issues identified in this report are relatively simple to fix. Engagement with the 8 local governments and their responses to the findings in the report are encouraging. Some local governments have already made improvements to their procurement controls.

'I am pleased all the local governments have committed to amending their policies and procedures and improving internal controls over purchases, where required. I encourage all local governments to review their procurement practices against the focus areas of this audit,' Ms Spencer said.

The Auditor General's report, *Local Government Procurement*, is available on the Office of the Auditor General website at [www.audit.wa.gov.au](http://www.audit.wa.gov.au).

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<sup>i</sup> The Office of the Auditor General visited and audited the following local governments:

- Town of Bassendean
- Shire of Dalwallinu
- City of Fremantle
- City of Greater Geraldton
- Shire of Harvey
- City of Kalgoorlie Boulder
- City of Karratha
- City of Stirling.



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