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Local government financial reporting timeliness a significant issue for 2021-22 audits

The Auditor General's [Financial Audit Results – Local Government 2021-22](#) report tabled in Parliament today summarising the results of the annual audits of 146 of 148 local government entities.

Auditor General Ms Caroline Spencer said there was an increase in financial management and information system control weaknesses across the sector and 10 entities received qualified audit opinions.

'The report also raises a significant concern with the timeliness and quality of local government financial reporting and the flow on effects for our audits.

'By 31 March, three months after the statutory deadline, more than a quarter of local government entities had still 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.

'This year I made the decision to impose a hard deadline, offering entities one final chance to provide required information and complete their financial reports, and us their audits, by 18 April 2023.

'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 2021-22 year,' Ms Spencer said.

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.

To support the sector to improve, we recently published an [Audit Readiness Tool](#) on our website. It guides entities through our information requirements and provides templates and examples of key audit documents.

The Department of Local Government, Sport and Cultural Industries has also contributed to addressing financial accountability issues, including releasing model financial statements that work with new regulations gazetted on the 30 June 2023 to support appropriately reduced reporting for some entities.

This year we have recognised and reported on the top 20 local government entities achieving best practice for 2021-22. The number of regional shires that have made the inaugural list is particularly commendable given the extent that resource and labour constraints can disproportionately affect our regions.

'There is still a journey ahead, but we are committed to working with local government entities, the Department and sector associations towards improvement in the sector, and in our own processes, to aid timely financial reporting to the community and Parliament,' Ms Spencer said.

Report resource

- [PDF version](#)