



Report 8: 2025-26 | 28 January 2026

FINANCIAL AUDIT RESULTS

Status of Local Government Audits 2025



Office of the Auditor General for Western Australia

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The Office of the Auditor General acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures, and to Elders both past and present.

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Status of Local Government Audits 2025

Report 8: 2025-26
28 January 2026

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**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

STATUS OF LOCAL GOVERNMENT AUDITS 2025

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

Financial audits are an integral part of my Office's overall program of audit and assurance for Parliament. They seek to provide Parliament and the people of WA with timely assurance of the financial performance and financial position of entities at annually mandated intervals (i.e. legislated reporting timeframes). The timeliness of financial audits, and related entity readiness for audit are important for the relevance of this information.

This report reflects a new initiative to provide timely and relevant information to Parliament and other relevant stakeholders on the status of local government entities that did not meet the statutory reporting deadline of 31 December 2025.

A handwritten signature in black ink, appearing to read 'Caroline Spencer'.

Caroline Spencer
Auditor General
28 January 2026

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Auditor General's overview



2026 marks the first year I am providing an audit status report on delayed local government audit opinions. This report lists the local governments that did not meet the 31 December 2025 statutory reporting deadline, and the reasons identified by my auditors for delays at these nine entities.

The purpose of this report is to provide timely communication to stakeholders regarding material risks and significant deficiencies identified at entities which have not met their statutory reporting deadline.

I hope the transparency this report creates will drive continuous improvement within those entities and across the public sector to deliver quality timely financial reporting.

This proactive approach to reporting delays raises awareness of relevant issues for Parliament, the community, the new Local Government Inspector – and indeed councillors themselves who may not always have visibility of these matters – to allow earlier understanding, attention and action where necessary. I anticipate it will also encourage entities to prioritise good financial governance and provide auditors with access to everything they need for audit finalisation within agreed timeframes to avoid this ‘OAG naughty list’, as it is already commonly referred to by the sector.

Had we issued this kind of report last year, stakeholders would, for example, have been aware of our concerns with the Shire of Coolgardie’s ability to continue to operate. Instead, this information of high public interest had to remain confidential within my team’s audit files until audit procedures were able to be finalised in June 2025 and results formally reported with our audit opinion. Furthermore, I expect readers of this new report will be struck for the first time by the anomalous pattern of audit delays at the Shire of Yalgoo (Appendix 1, pages 10-11). While my Office already reports delays annually in our audit results reports¹, this new report goes further, enabling scrutiny and specific commentary of ongoing trends. Delayed audits represent poor accountability and transparency and can be a red flag for more widespread serious governance concerns. Where financial information is not publicly available in a timely manner, ratepayers and Parliament are not able to appropriately assess the position of these local governments and make informed decisions about their councils. These delays also represent additional work for my Office and the entities themselves, which otherwise could have been avoided, and ultimately incur additional costs for ratepayers.

Entities with delays fall into two main categories. Firstly, those with delayed audits for multiple years, which includes the City of Nedlands, the Shire of Halls Creek and the Shire of Yalgoo. All have not met the statutory deadline for several years. Repeat offenders are often affected by ongoing systemic issues. This generally reflects capability and governance culture and can indicate a need to attract and retain staff with suitable qualifications and experience, or the need for more support and intervention, such as from the Department of Local Government, Industry Regulation and Safety or the new Local Government Inspector.

The second category consists of entities affected by a generally less concerning one-off event. This can include the loss of key finance staff and executive officers at critical stages of the reporting process or last-minute technical accounting issues. For example, the Town of East Fremantle was delayed while awaiting the audit of a standalone facility which they operate, and the Shire of Mount Magnet lost key finance staff during the audit process, causing delays in the finalisation and reconciliation of their accounts.

Overall, the 2025 audit season progressed better than previous years, with 138 of 147 local government entities’ audits finalised by the statutory deadline of 31 December 2025, while nine entities missed the deadline. This is a continuing trend of improvement, with 12 entities missing the deadline in 2024 and 16 in 2023. I will separately report to Parliament on the

¹ Office of the Auditor General, [Local Government 2023-24 - Financial Audit Results](#), OAG website, 24 April 2025.

results of the finalised 138 entities in our local government financial audit results report, which is expected to be tabled at the end of March 2026.

I wish to acknowledge the hard work of the 138 entities that provided sufficient and timely information to my auditors to enable completion of their audits within the legislative timeframe. I would also like to acknowledge those named within this report for their continued cooperation with my Office to finalise their audits as soon as practicable in 2026. I hope to see the number of local government audits completed by the statutory deadline continue to improve for 2026. Lastly, I want to recognise the hard work of my staff and the contract audit firms that work with us, without whom we would not be able to deliver an audit program of this scale within the statutory timeframe.

Status of 2025 Local Government Audits

We had completed the audits of 138 of 147 local government entities to enable the entities to accept their annual report by the legislated timeframe of 31 December 2025. This is slightly better than 2024 where we had finalised 135 of the local government audits by 31 December 2024. A summary of the reasons for delays in the remaining nine audits is presented below with specific reasons per local government entity set out in Appendix 1.

The *Local Government Act 1995* requires an entity to prepare an annual report which includes the auditor's report on the financial statements (section 5.53) and accept the report no later than 31 December after that financial year (section 5.54). The entity is then required to advertise the availability of the report (section 5.55) and hold an Annual General Meeting of Electors (AGM) within 56 days of accepting the annual report (section 5.27). Our audits are generally scheduled to enable all entities to meet the 31 December legislative deadline. In the absence of an annual report that has been accepted by the respective Council, this report provides information to Councillors, ratepayers, Parliament and other stakeholders about the delays. If we had to issue an opinion on 31 December 2025, it is likely that all the audits listed in Appendix 1 would have been issued modified opinions, from qualifications on specific balances or transactions to disclaimers of opinions.

Audits still in progress at 31 December 2025

The nine audits that were not finalised prior to 31 December 2025 encountered numerous challenges.

Generally, the delayed audits share some of the following themes:

- **Data integrity:** information to support the trial balance and financial report disclosures could not be provided to auditors. These issues can result from a lack of preparation for the audit, finance system issues and record keeping failures. We encourage entities to review our better practice guides² to better understand audit information requirements.
- **Key staff availability:** positions were vacated during the audit or have been vacant for some time, these included finance staff, chief executives and corporate service executives, all of whom are important to the timely and efficient conduct of an audit. When key staff resign prior to or during the audit process, often no one is left at the entity who can assist with audit queries or provide the necessary information.
- **Difficulty closing out prior year audits:** some entities have historically been delayed or have multiple years' audits not yet finalised. Each financial report includes prior year figures and, for balance sheet accounts, these figures are the starting balances for the proceeding financial year. Due to this, one year cannot be commenced until the previous year is completed, therefore one delayed audit can have flow-on impacts for multiple years.
- **Delays in provision of the financial report:** Several of the delayed entities did not provide their financial report to the auditors by the statutory deadline of 30 September 2025. Some entities provided a financial report within the deadline which was incomplete or was not of sufficient quality to facilitate an audit. Incomplete financial reports cannot be adequately audited, as auditors cannot test what is not yet available. Poor quality financial reports cause significant audit re-work. In these cases, balances are tested, found to be incorrect, have to be corrected by the entity and then require retesting to ensure they are now accurate. This rework and the time to repeatedly

² Office of the Auditor General, [Audit Readiness – Better Practice Guide](#), OAG website, 30 June 2023; Office of the Auditor General, [Western Australian Public Sector Financial Statements – Better Practice Guide](#), OAG website, 14 June 2021.

follow-up on incomplete financial reports adds hours and cost to audits, which have to be passed on to entities via additional audit fees. Delays in the provision of a complete and accurate financial report inevitably delay the commencement of audit work, which can then lead to delayed audit opinions.

Due to the issues which caused these audits to be delayed, we expect the audits that are still in progress will have various audit findings and may have modifications to their 2025 audit report, such as a qualified audit opinion or the inclusion of an emphasis of matter or other matter paragraph.

Results of audits completed by 31 December 2025

The annual local government financial audit results report for 2025 is expected to be tabled in Parliament by the end of March 2026. This report will summarise the key matters impacting the 138 local government audits completed in 2025.

Appendix 1: Outstanding 2025 audit opinions at 31 December 2025

Key for appendix 1:

Type of prior year audit opinion (see Appendix 2 for explanations of opinion types)	
	Clear (unmodified)
	Clear opinion with emphasis of matter or matter of significance paragraph
	Material uncertainty related to going concern
	Qualified or a disclaimer of opinion
	Qualified opinion with an emphasis of matter or matter of significance paragraph
	Opinion not yet issued

Timeliness of 2024 opinion ³	
	Met statutory deadline for reporting
	Met statutory deadline for reporting however report was completed after OAG hardline initiative requirement (6 December for 2024)
	Did not meet statutory deadline for reporting

³ Statutory deadline for local government financial reporting is 31 December of the financial year that is being audited. For the financial year ended 30 June 2025 this was 31 December 2025.

Entity	First complete draft of 2025 financial report received by 30 September 2025 ⁴	Reason for delay of 2025 financial report and audit	2024 and earlier opinion date and type	
Bunbury-Harvey Regional Council	No	The Council was unable to provide all required audit information in a timely manner, causing significant audit delays. This is primarily due to the limited staff available to address audit queries. The audit is expected to be completed by 31 March 2026 assuming all outstanding information is provided to OAG auditors in early February 2026.	2024: 05/12/2024	 
City of Nedlands	No	<p>The City provided their 2025 financial report in November 2025, well after the statutory deadline of 30 September 2025. There are multiple reasons for the delay in the audit of the City, including:</p> <ul style="list-style-type: none"> • late finalisation of the 2024 audit • a system outage issue that impacted revenue transactions during the final quarter of the 2024-25 financial year which required some transactions to be reprocessed • resourcing challenges ongoing since 30 June 2025 with finance staff changes • salary underpayments identified which are still being investigated and will likely require disclosure in the financial report • historical record keeping issues which continue to impact the progress of the 2025 audit. <p>The audit is expected to be completed by 31 March 2026 assuming outstanding information is provided and audit issues resolved by early February 2026.</p> <p>The last time the City met the statutory deadline was the 2021 financial year, with the opinion dated 30/11/2021.</p>	2024: 05/09/2025	  
			2023: 01/03/2024	 
			2022: 21/04/2023	 
			2021: 30/11/2021	 

⁴ Statutory deadline for provision of the draft financial statements to the auditor is 30 September 2025, with the ability to seek an extension from the Department of Local Government, Industry Regulation and Safety. For the purpose of this report we have not considered if entities sought or met any extension for this deadline.

Entity	First complete draft of 2025 financial report received by 30 September 2025 ⁴	Reason for delay of 2025 financial report and audit	2024 and earlier opinion date and type	
Shire of Cocos (Keeling) Islands	Yes	<p>During the 2024 and 2025 financial years, various agreements and contracts transferred the management of the Islands' information technology and related infrastructure from a third party to the Shire. Due to the complex history of these arrangements, the legal position of various aspects of this, including the transfer of assets to the Shire, was not clear. The Shire was waiting for this clarity to be resolved before accounting for any assets it may or may not have acquired because of these arrangements. Accordingly, these assets were not formally valued at the time.</p> <p>At 15 December 2025, the Shire was obtaining external valuations of these assets for recording in the Shire's 2024-25 financial statements. The audit is expected to be completed by 31 March 2026, assuming outstanding information is provided and audit issues are resolved in early February 2026.</p>	2024: 23/12/2024	 
Shire of Coorow	Yes	<p>The Shire was unable to provide all required information for audit purposes in a timely manner due to the unplanned departure of key staff. These resourcing constraints caused significant audit delays. The audit is expected to be completed by 31 March 2026 assuming outstanding information is provided, and audit issues are resolved in early February 2026.</p>	2024: 5/12/2024	 
Shire of Dalwallinu	Yes	<p>During the audit review, two historical joint arrangements with the then State Housing Commission (HomesWest), now the Housing Authority, were identified as having been incorrectly recorded in prior financial periods. As these errors are material, a prior period restatement is required for land and buildings, along with the necessary disclosures.</p> <p>Given the significance of these adjustments, the Shire requires additional time to revise the financial statements to reflect these changes. The audit is expected to be completed by 31 March 2026, subject to the timely provision of all requisite audit information.</p>	2024: 21/11/2024	 

Entity	First complete draft of 2025 financial report received by 30 September 2025 ⁴	Reason for delay of 2025 financial report and audit	2024 and earlier opinion date and type	
Shire of Halls Creek	No	<p>Following a disclaimer of opinion in 2023, and a subsequent and ongoing investigation into allegations of misconduct at the Shire, entity management engaged an external accountant to act as Executive Manager Finance in the finance function. Their focus was on the preparation of the 2024 annual financial report. We required a significant amount of audit effort to validate the opening balances for the 2024 financial year and consider the impacts of the 2023 disclaimer and the non-revaluation of infrastructure assets.</p> <p>The 30 June 2025 audit is expected to be completed by 30 April 2026 if all requisite audit information is provided in a timely manner.</p> <p>The last time the Shire met the statutory deadline was the 2020 financial year, with the opinion dated 16/12/2020.</p>	2024: 19/12/2025	 
			2023: 23/04/2024	 
			2022: 18/04/2023	 
			2021: 18/03/2022	 
			2020: 16/12/2020	 
Shire of Mount Magnet	No	<p>During the audit process, there was a changeover in key finance staff due to unforeseen circumstances. Shire staff have confirmed the financial report contains variances to underlying accounting records. The variances require further investigation and reconciliation by the Shire. The audit is expected to be completed by 31 March 2026 provided all requisite audit information is provided in a timely manner.</p>	2024: 25/11/2024	  
Shire of Yalgoo ⁵	No	<p>The 2023 and 2024 audits have been delayed due to:</p> <ul style="list-style-type: none"> • Previous audit delays, the 2022 audit was only completed in May 2024 and the 2023 and 2024 audits are not yet finalised at 31 December 2025. • Issues with data availability/integrity have impeded financial statement completion, audit readiness and audit completion. 	2024: Not yet issued	 
			2023: Not yet issued	 
			2022: 14/05/2024	 
			2021: 18/04/2023	 
			2020: 03/03/2022	 

⁵ The Shire of Yalgoo has three financial reports outstanding, being 30 June 2025, 30 June 2024 and 30 June 2023.

Entity	First complete draft of 2025 financial report received by 30 September 2025 ⁴	Reason for delay of 2025 financial report and audit	2024 and earlier opinion date and type	
		<ul style="list-style-type: none"> Misaligned Shire and auditor staff availability to progress audits. <p>The 2023 and 2024 audits have commenced and are in the final stages of completion.</p> <p>The 2025 audit is delayed due to previous audit delays and will commence once the 2024 audit is completed. Shire and audit teams are available to complete the outstanding audits by 31 March 2026.</p> <p>The last time the Shire met the statutory deadline was the 2018 financial year, with the opinion dated 18/12/2018.</p>	2019: 31/01/2020	
			2018: 18/12/2018	
Town of East Fremantle	No	<p>The Town operates the East Fremantle Community Park (EFCP), which is a standalone operation requiring its own audit for the values to be included in the Town's financial statements. An auditor was not appointed to EFCP until after 30 June 2025. The completion date for the EFCP audit is not yet known. Once the audit of EFCP is completed, the audit of the Town can be finalised.</p>	2024: 6/12/2024	

Source: OAG

Appendix 2: Audit opinion types

In the auditor's report we include the audit opinion on the annual financial report and any other matters that, in our judgement, need to be highlighted. The following are explanations of types of opinions the Auditor General can issue:

1. **Clear opinion:** indicates satisfactory financial controls. The financial report is based on proper accounts, complies with relevant legislation and accounting standards, and fairly represents performance and financial position.
2. **Clear opinion with an emphasis of matter/other matter/matter of significance paragraph:** draws attention to a matter disclosed in the financial report to aid the readers understanding but does not result in a qualified opinion.
3. **Qualified opinion:** when the audit identifies materially misleading information, inadequate controls or conflicts with the financial reporting frameworks.
4. **Disclaimer of opinion:** the most serious audit outcome, issued when the auditor is unable to form an opinion due to insufficient evidence to form an opinion after all reasonable efforts.
5. **Adverse opinion:** indicates that the impact of errors within the financial statements is so pervasive, it is not possible to conclude that the financial statements are free from material misstatement.

Auditor General's 2025-26 reports

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

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