Minutes of Audit, Risk and Improvement Committee Meeting

held on

Monday 4 May 2026 at 5:30 pm

in the Council Chambers, 83 Mandurah Terrace, Mandurah

PRESENT:

Mr W Ticehurst	Independent Member	(Presiding member)
Mayor	A Kearns	(Electronic Attendance)
Councillor	J Cumberworth	Coastal Ward
Councillor	J Green	East Ward
Councilor	C Knight	North Ward
Councilor	P Jackson	North Ward
Mr D Vo	Independent Member	

MEMBERS OBSERVING:

Councillor	R Burns

GUESTS:

Subha Gunalan	Director, Office of the Auditor General for WA
Heidi Poltz	Principal Auditor, Office of the Auditor General for WA
Ms C Mihovilovich	Chief Executive Officer
Mrs T Jones	Director Business Services
Mr M Hall	Director Built and Natural Environment
Ms J Thomas	Director Place and Community
Mr J Campbell-Sloan	Director Strategy and Economic Development
Ms J Weber	Manager Governance and Legal Services
Ms L Grieve	Minute Officer

Confirmed

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1 OPENING OF MEETING AND ANNOUNCEMENT OF VISITORS

The Presiding Member declared the meeting open at 5:30 pm.

2 ACKNOWLEDGEMENT OF COUNTRY

The Presiding Member acknowledged that the meeting was being held on the traditional land of the Bindjareb people, and paid his respects to their Elders past and present.

3 APOLOGIES

Leave of Absence	Apologies
	Cr D Wilkins

4 DISCLAIMER

The Presiding Member advised that the purpose of this Committee Meeting is to discuss and make recommendations to Council about items appearing on the agenda and other matters for which the Committee is responsible. The Committee has no power to make any decisions which are binding on the Council or the City of Mandurah unless specific delegation of authority has been granted by Council.

The City of Mandurah expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any advice or information provided by a Member or Officer, or the content of any discussion occurring during the course of this Committee meeting.

5 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil.

6 AMENDMENT TO STANDING ORDERS

Modification to *Standing Orders Local Law 2016* – electronic attendance at meeting.

ARIC26/1 Committee Resolution

MOTION
Moved: **Cr C Knight**
Seconded: **Mr W Ticehurst**

That Council:

1. **Suspend the operation of the following provisions of the *City of Mandurah Standing Orders Local Law 2016* for the duration of this electronic meeting to ensure Mayor A Kearns can follow and participate in the meeting as it progresses:**
2. **Standing Order 7.2 Members to occupy own seats whilst present in meeting room. Relevant only for Elected Members attending the Council Chambers.**
3. **Agree under Standing Orders 8.1(1) and 12.2, that instead of requiring a show of hands, a vote will be conducted by exception with the Presiding Member calling for those Members against each motion. If no response is received the motion will be declared carried and minuted accordingly.**
4. **Reiterate the requirement as per Standing Order 7.3 for Members to advise the Presiding Member when leaving or entering the meeting at any time.**

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CARRIED: 7/0
For: Mr W Ticehurst, Mayor A Kearns, Cr C Knight, Cr J Cumberworth, Cr J Green, Cr P Jackson and Mr D Vo
Against: Nil

7 PUBLIC QUESTION TIME

The Presiding Member opened Public Question Time at 5:34 pm.
The Presiding Member closed Public Question Time at 5:34 pm.

8 PRESENTATIONS

8.1 Office of the Auditor General for WA: City of Mandurah 2026 Audit Plan (Confidential)

Close Doors

ARIC26/2 Council Resolution

MOTION
Moved: Cr C Knight
Seconded: Cr J Cumberworth

That pursuant to section 5.23(4)(e) of the *Local Government Act 1995,* the Committee close the meeting to members of the public to the extent necessary to ensure the information is dealt with on a confidential basis. The matter relates to information the making public of which would be likely to endanger the security (including cyber-security) of any of the local government's property or operations.

The matter was considered only for the duration necessary to address that item, and the meeting was reopened to the public immediately after discussion on the matter concluded. No broader business was conducted while the meeting was closed.

CARRIED: 7/0
For: Mr W Ticehurst, Mayor A Kearns, Cr C Knight, Cr J Cumberworth, Cr J Green, Cr P Jackson and Mr D Vo
Against: Nil

The Minute Officer, Directors and Senior Officers remained in the meeting.

The meeting proceeded with closed doors at 5:35 pm.

Open Doors

ARIC26/3 Council Resolution

MOTION
Moved: Cr C Knight
Seconded: Cr J Cumberworth

That the meeting proceeds with open doors.

CARRIED: 7/0
For: Mr W Ticehurst, Mayor A Kearns, Cr C Knight, Cr J Cumberworth, Cr J Green, Cr P Jackson and Mr D Vo
Against: Nil

Confirmed

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The meeting proceeded with open doors at 6:24pm.

9 DEPUTATIONS

Nil

10 CONFIRMATION OF MINUTES

10.1 Audit, Risk and Improvement Committee Meeting held on 9 December 2025

ARIC26/4 Committee Resolution

MOTION
Moved: **Cr C Knight**
Seconded: **Cr J Green**

That the Minutes of the Audit, Risk and Improvement Committee Meeting held on 9 December 2025 be confirmed.

CARRIED: 7/0
For: Mr W Ticehurst, Mayor A Kearns, Cr C Knight, Cr J Cumberworth, Cr J Green, Cr P Jackson and Mr D Vo
Against: Nil

11 DECLARATIONS OF INTERESTS

Nil.

12 QUESTIONS FROM COMMITTEE MEMBERS

12.1 Questions of which due notice has been given

Nil.

12.2 Questions of which notice has not been given

Nil.

13 BUSINESS LEFT OVER FROM PREVIOUS MEETING

Nil.

Confirmed

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14 REPORTS

Subject: 14.1 Office of the Auditor General (OAG) Local Government Management of Gifts and Benefits Audit & Report

Summary

The City of Mandurah (City) was one of six local government entities selected to be assessed in the Office of the Auditor General's 2025–26 Performance Audit on Local Government Management of Gifts and Benefits.

As part of the Performance Audit, the Office of the Auditor General (OAG) reviewed the City's gifts and benefits register and related practices to assess transparency, compliance with legislative and policy requirements, and how risks of conflicts of interest are managed. The City participated in the Performance Audit by providing information and access to the City's records and assisting with e-discovery testing.

The Audit, Risk and Improvement Committee (ARIC) is now requested to review the Performance Audit (Attachment 1) and City's response to the audit recommendations and areas for improvement to the City's controls (Confidential Attachment 2).

Officer Recommendation

That the Audit, Risk and Improvement Committee note the Office of the Auditor General Performance Audit on Local Government Management of Gifts and Benefits as per Attachment 1 and notes the recommendations for improvement to the City's controls outlined in Confidential Attachment 2.

ARIC26/5 Committee Resolution

MOTION
Moved: **Cr C Knight**
Seconded: **Cr J Cumberworth**

That the Audit, Risk and Improvement Committee note the Office of the Auditor General Performance Audit on Local Government Management of Gifts and Benefits as per Attachment 1 and notes the recommendations for improvement to the City's controls outlined in Confidential Attachment 2.

CARRIED: 7/0
For: Mr W Ticehurst, Mayor A Kearns, Cr C Knight, Cr J Cumberworth, Cr J Green, Cr P Jackson and Mr D Vo
Against: Nil

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15 REPORTS FROM AUDITORS

16 LATE AND URGENT BUSINESS ITEMS

Nil.

Confirmed

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17 CONFIDENTIAL ITEMS

Declaration When Attending By Electronic Means
Mayor A Kearns declared that confidentiality will be maintained during the closed part of the meeting to discuss the confidential reports.

Close Doors

ARIC26/6 Committee Resolution

MOTION
Moved: **Cr C Knight**
Seconded: **Cr J Green**

That pursuant to section 5.23(4)(e) of the *Local Government Act 1995*, the Committee close the meeting to members of the public to the extent necessary to ensure the information is dealt with on a confidential basis. The matter relates to information the making public of which would be likely to endanger the security (including cyber-security) of any of the local government's property or operations.

The matter was considered only for the duration necessary to address that items, and the meeting was reopened to the public immediately after Council discussion concluded. No broader business was conducted while the meeting was closed.

CARRIED:	7/0
For:	Mr W Ticehurst, Mayor A Kearns, Cr C Knight, Cr J Cumberworth, Cr J Green, Cr P Jackson and Mr D Vo
Against:	Nil

The Minute Officer, Directors and Senior Officers remained in the meeting.

The meeting proceeded with closed doors at 6:31 pm.

Confirmed

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This report is designated CONFIDENTIAL. The unauthorised release or publication of the report or information contained therein may be an offence pursuant to the Local Government Act 1995 and/or other statutes.

Subject: 17.1 Work Health and Safety Performance Review 2025/2026

Confidential discussion ensued regarding this report.

ARIC26/7 Committee Resolution

MOTION
Moved: **Mr W Ticehurst**
Seconded: **Cr C Knight**

That the Audit, Risk and Improvement Committee recommends that Council notes the key achievements and progress on the delivery of the City of Mandurah Work Health and Safety Performance Overview 1 July 2025 to 31 December 2025.

CARRIED: 7/0
For: Mr Ticehurst, Mayor A Kearns, Cr C Knight, Cr J Cumberworth, Cr J Green, Cr P Jackson and Mr D Vo
Against: Nil

Confirmed

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Subject: 17.2 Systems Internal Audit - Red Team Exercise

Confidential discussion ensued regarding this report.

ARIC26/8 Committee Resolution

MOTION
Moved: **Cr J Green**
Seconded: **Cr C Knight**

That the Audit, Risk and Improvement Committee recommend that Council:

1. **Receives the City of Mandurah Red Team Engagement Report as detailed in Confidential Attachment 1 and refer the Report to Council.**

2. **Notes the City of Management Response to the Red Team Engagement and improvements implemented to date as per Confidential Attachment 2.**

3. **Notes that the Audit, Risk and Improvement Committee will receive quarterly Strategic Internal Audit Monitoring Report to enable monitoring and oversight of the implementation of the outstanding recommendations.**

CARRIED: 7/0
For: Mr W Ticehurst, Mayor A Kearns, Cr C Knight, Cr J Cumberworth, Cr J Green, Cr P Jackson and Mr D Vo
Against: Nil

Confirmed

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This report is designated CONFIDENTIAL. The unauthorised release or publication of the report or information contained therein may be an offence pursuant to the Local Government Act 1995 and/or other statutes.

Subject: 17.3 Strategic Internal Audit Monitoring Report Quarter Two and Quarter Three 2025/26

Confidential discussion ensued regarding this report.

ARIC26/9 Committee Resolution

MOTION
Moved: **Cr C Knight**
Seconded: **Cr J Green**

That the Audit, Risk and Improvement Committee notes the Strategic Internal Audit Plan Monitoring Report – Quarter Two and Quarter Three 2025/2026 Financial Year and progress made to close out recommendations, as detailed in Confidential Attachment 1.

CARRIED: 7/0
For: Mr W Ticehurst, Mayor A Kearns, Cr C Knight, Cr J Cumberworth, Cr J Green, Cr P Jackson and Mr D Vo
Against: Nil

Confirmed

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This report is designated CONFIDENTIAL. The unauthorised release or publication of the report or information contained therein may be an offence pursuant to the Local Government Act 1995 and/or other statutes.

Subject: 17.4 Annual Strategic Risk Assessment and Quarterly Reporting

Confidential discussion ensued regarding this report.

ARIC26/10 Committee Resolution

MOTION
Moved: Cr C Knight
Seconded: Mr W Ticehurst

That the Audit, Risk and Improvement Committee:

1. **Note the annual evaluation of risk controls has been undertaken as per the Strategic Risk Control Register Confidential Attachment 5.**
2. **Notes the Quarter Two and Quarter Three 2025/26 – Strategic Risk Bowtie Report as per Confidential Attachment 6.**
3. **Note the minor amendments to the City of Mandurah Risk Management Framework as per Confidential Attachment 7.**

That the Audit, Risk and Improvement Committee recommend that Council:

4. **Adopt the Strategic Risk Register 2026/2027 as per Confidential Attachment 1 and the Strategic Risk Appetite Statements as per Confidential Attachment 2 with the following amendments to Attachment 1 Financial Risk:**
    - **Cause sub heading " failure to secure funding or grants" - Not meeting the requirements for funding eligibility; and**
    - **Consequences - Failure to realise opportunities, resulting in reduced community, economic or strategic benefit.**
5. **Adopt minor amendments to the Council Risk Management Policy POL-RKM 01 as per Confidential Attachment 3.**

Comment: Amendments to the Financial Risk in Attachment 1 include refinement of the cause sub-heading "failure to secure funding or grants" to specify not meeting funding eligibility requirements, and amendment of the consequences to reflect failure to realise opportunities.

CARRIED: 7/0
For: Mr W Ticehurst, Mayor A Kearns, Cr C Knight, Cr J Cumberworth, Cr J Green, Cr P Jackson and Mr D Vo
Against: Nil

Confirmed

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Open Doors

ARIC26/11 Committee Resolution

MOTION
Moved: **Cr C Knight**
Seconded: **Cr J Cumberworth**

That the meeting proceeds with open doors.

CARRIED: 7/0
For: Mr W Ticehurst, Mayor A Kearns, Cr C Knight, Cr J Cumberworth, Cr J Green, Cr P Jackson and Mr D Vo
Against: Nil

The meeting proceeded with open doors at 7:00 pm.

Endorse Resolutions

ARIC26/12 Committee Resolution

MOTION
Moved: **Cr C Knight**
Seconded: **Cr J Cumberworth**

That the Committee endorses the resolutions taken with closed doors.
CARRIED: 7/0
For: Mr W Ticehurst, Mayor A Kearns, Cr C Knight, Cr J Cumberworth, Cr J Green, Cr P Jackson and Mr D Vo
Against: Nil

18 CLOSE OF MEETING

There being no further business, the Presiding Member declared the meeting closed at 7:00 pm.

CONFIRMED..... (PRESIDING MEMBER)

Confirmed

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CITY OF MANDURAH

NOTICE OF MEETING

AUDIT, RISK AND IMPROVEMENT COMMITTEE

Members of Committee are advised that a meeting will be held in the Council Chambers, 83 Mandurah Terrace, Mandurah on:

Monday 4 May 2026 at 5:30 pm

CASEY MIHOVILOVICH
Chief Executive Officer
30 April 2026

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1 OPENING OF MEETING AND ANNOUNCEMENT OF VISITORS

2 ACKNOWLEDGEMENT OF COUNTRY

3 APOLOGIES

4 DISCLAIMER

Members of the public are advised that the decisions of this Committee are referred to Council Meetings for consideration and cannot be implemented until approval by Council. Therefore, members of the public should not rely on any decisions of this Committee until Council has formally considered the resolutions agreed at this meeting.

5 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil

6 AMENDMENT TO STANDING ORDERS

Modification to *Standing Orders Local Law 2016* – electronic attendance at meeting.

7 PUBLIC QUESTION TIME

Public Question time provides an opportunity for members of the public to ask a question of Committee. For more information regarding Public Question Time, please visit the City's website About Council Meetings or telephone 9550 3787.

8 PRESENTATIONS

8.1 Office of the Auditor General for WA: City of Mandurah 2026 Audit Plan (Confidential)

9 DEPUTATIONS

Any person or group wishing to make a Deputation to Committee regarding a matter listed on this agenda for consideration must complete an application form. For more information regarding making a deputation, please visit the City's website About Council Meetings or telephone 9550 3787.

10 CONFIRMATION OF MINUTES

10.1 Audit, Risk and Improvement Committee Meeting held on 9 December 2026

RECOMMENDATION

That the Minutes of the Audit, Risk and Improvement Committee Meeting held on 9 December 2026 be confirmed.

Minutes are available on the City's website Agendas and Minutes

11 DECLARATIONS OF INTERESTS

12 QUESTIONS FROM COMMITTEE MEMBERS

12.1 Questions of which due notice has been given

12.2 Questions of which notice has not been given

13 BUSINESS LEFT OVER FROM PREVIOUS MEETING

Nil

14 REPORTS

Subject: 14.1 Office of the Auditor General (OAG) Local Government Management of Gifts and Benefits Audit & Report

Summary

The City of Mandurah (City) was one of six local government entities selected to be assessed in the Office of the Auditor General's 2025–26 Performance Audit on Local Government Management of Gifts and Benefits.

As part of the Performance Audit, the Office of the Auditor General (OAG) reviewed the City's gifts and benefits register and related practices to assess transparency, compliance with legislative and policy requirements, and how risks of conflicts of interest are managed. The City participated in the Performance Audit by providing information and access to the City's records and assisting with e-discovery testing.

The Audit, Risk and Improvement Committee (ARIC) is now requested to review the Performance Audit (Attachment 1) and City's response to the audit recommendations and areas for improvement to the City's controls (Confidential Attachment 2).

Disclosure of Interest

Nil.

Confidentiality

Nil.

Previous Relevant Documentation

Nil.

Background

Sections 5.87A - 5.87C and 5.89A of the *Local Government Act 1995* (the Act) prescribe obligations for a local government's council members and Chief Executive Officer (CEO) to disclose prescribed gifts, and for the CEO to maintain an up-to-date gift register to be published on the local government's official website for public inspection.

These legislative requirements are supported by prescribed thresholds and exclusions under regulations 20A, 20B and 28A of the *Local Government (Administration) Regulations 1996*. Effective management of gifts and benefits in accordance with this legislative framework is essential to maintaining integrity, accountability and public trust in local government and ensuring decisions are made impartially and free from undue influence.

In response to recent WA media reports raising concerns about gift acceptance practices within local governments, the OAG undertook an audit to examine whether WA local governments are effectively managing and reporting gifts and benefits.

The Audit was a sector wide review of publicly available gifts and benefits registers across all 147 governments, and a detailed assessment of six metropolitan local governments, including the City of Mandurah, covering the period 1 July 2019 to 30 June 2024. The other five local government entities selected for the Report alongside the City were the City of Bayswater, City of Fremantle, City of Kwinana, City of Perth, and the Town of Cambridge.

Comment

General findings of the Performance Audit

The Performance Audit found that most local governments demonstrate sound transparency, with almost all local government entities (except 2 out of 147) maintaining a published gifts register. However, some registers were incomplete or had not been updated, with only 47% of local government (including the City's) entities having current data on their published gift register.

While gift registers were mostly accurate and complete, entities were not effectively managing conflicts of interests arising from accepted gifts. At the six audited entities, there were 79 individuals who accepted gifts from current or future suppliers and were involved with procurement, purchasing or contract management decisions. If conflicts of interest arising from accepted gifts are not managed, decisions may not be free from undue influence.

All six audited entities had gifts and benefits policies and codes of conduct, but many policies were outdated or lacked clear guidance on prohibited gifts. Training on gifts and benefits was often limited to induction, rather than reinforced regularly. Entities were not consistently analysing gift register data to identify trends, repeat offers, or emerging risks.

The Performance Audit also found that current advice from the Department of Local Government, Industry Regulation and Safety guidance focuses on council members and CEOs, however at the six entities, 70% of gifts were accepted by staff.

The key findings for the Performance Audit include:

- Almost all entities had gift registers, but some were incomplete or had not been updated, limiting the monitoring of risks and compliance.
- Gift registers at the six audited entities were generally complete, providing transparency and allowing for public scrutiny.
- The range and number of gifts indicates that staff at all levels, not just council members and CEOs, are exposed to the risk of inappropriate influence.
- Conflicts of interest created by accepting gifts are not effectively managed increasing the risk of inappropriate influence.
- Conflicts of interest are not considered when recording gifts and benefits, limiting entity oversight of risk and staff compliance with policies.
- Some entities have statements of business ethics to help prevent suppliers offering gifts.
- Audited entities are not using all information to mitigate risks arising from accepting gifts.
- Policies and procedures exist but some are outdated and lack details on what is expected of council members and staff.
- Training is available, but it is often limited to the induction process rather than regularly reinforced to help embed desired behaviours
- LGIRS support and guidance on gifts and benefits is not fully effective.

City's assessment in the Performance Audit

The Performance Audit included an e-discovery process which identified just over 900 emails offering gifts and benefits. The sample included Elected Members, CEOs and staff at each audited entity over a two-and-a-half-year period. No gifts were accepted by the City through the e-discovery process as set out in the table below:

Entity	Total number of offers	Gifts that had been accepted	Below the reporting threshold	Above thresholds and now added to the gift register
City of Bayswater	81	27	24	3
City of Fremantle	219	13	13	0
City of Kwinana	106	4	0	4
City of Mandurah	147	0	0	0
City of Perth	294[10]	4	2	2
Town of Cambridge	54	0	0	0
Total	**901**	**48**	**39**[11]	**9**

Source: OAG based on entity data

Table 2: e-discovery results (1 July 2022 to 31 December 2024) identifying offers and accepted gifts by audited entities

The Performance Audit explicitly identified the City as the only audited entity whose gift register requires employees to:

- Assess and document perceived, actual or potential conflicts of interest when offered a gift;
- Prompts employees to consider whether accepting a gift could lead to future bias; and
- Requires documentation of decision-making and whether supervisors have been informed.

The OAG highlights this approach as good practice.

Other areas that the OAG highlighted in the Report as good practice was the City's clear definitions of prohibited gifts and the City having a Statement of Business Ethics that explicitly discourages suppliers from offering gifts.

The audit positively highlights the City's:

- internal decision-making tool (based on Public Sector Commission (PSC) guidance) to assist staff when offered gifts;
- regular training (beyond induction) addressing gifts, benefits, and conflicts of interest; and
- practical tools (including the G-I-F-T decision-making guide, and PSC's 6Ps and 6Rs tool) to support ethical decision-making.

These measures are cited as examples of better practice for the sector.

City of Mandurah response to the Performance Audit

The City's formal response contained within the Performance Audit is provided below:

> *The City of Mandurah (the City) has established controls in place that address the OAG recommendations. These controls are reviewed annually to assess their effectiveness and to support continuous improvement.*
>
> *Through the City's control environment, employees are required to carefully assess the appropriateness of accepting any gift or benefit, particularly where they are involved in procurement activities, grant assessments, or the exercise of delegated authority.*
>
> *Employees are reminded that the acceptance of a gift must not compromise, or be seen to compromise, their impartiality or the integrity of the City. Decisions must be made on merit, free*

from undue influence. Where there is any doubt, employees are required to decline the gift and/or seek guidance in accordance with the City's Code of Conduct requirements.

The City has a number of controls to proactively oversee gifts and benefit declaration, including quarterly and annual reporting.

The City will improve its current reporting to the Chief Executive Officer to include a three year trend analysis that will identify: number of gifts received; number of gifts offered and declined; individuals repeatedly receiving gifts; business units repeatedly receiving gifts; suppliers repeatedly offering gifts and categories of gifts received.

Where there a trends observed, the City will utilise this information to provide:

- *further education for individuals or teams;*
- *improvement to controls, such as procedures and guidelines;*
- *contact City suppliers regarding their obligations under the Statement of Business Ethics, i.e. do not provide gifts to City employees.*

The City will further strengthen its employee gifts and conflict of interests training, including identifying and managing any actual, potential or perceived conflict of interest arising from it. This requirement will apply particularly where employees are:

- *Undertaking procurement and tender evaluation processes*
- *Assessing or recommending grant funding*
- *Exercising delegated or statutory authority*
- Training materials, guidelines and procedures will be updated to reinforce these obligations and ensure consistent understanding and application by City officers.

The City will continue to reinforce these obligations through, training, guidelines and ongoing awareness initiatives to ensure consistent and ethical decision-making across the organisation.

The City has now identified areas for improvement to the Performance Audit and detailed in Confidential Attachment 2.

Consultation

Nil.

Internal Consultation

Nil.

Statutory Environment

Local Government Act 1995
Local Government (Administration) Regulations 1996

Policy Implications

Nil.

Financial Implications

The OAG conducted this audit at their own cost, however this audit required a significant amount of internal effort from the Governance, Systems, Property and Procurement Teams.

Economic Implications

Nil.

Environmental Implications

Nil.

Risk Implications

Gifts and benefits can create real or perceived conflicts of interest, impacting integrity and public trust in local government decision-making. Strong governance, clear policies, and effective oversight are essential to manage these risks.

The results from the Performance Audit demonstrate that the City's controls are mature and considered best practice in the local government sector. The City will continue to monitor and improve the controls and provide training and support to safeguard the City from conflicts of interest, probity and reputational risks.

Strategic Implications

The following strategies from the City of Mandurah Strategic Community Plan 2024-2044 are relevant to this report:

Leadership
- A clear and shared vision for Mandurah's future
- Sound decisions based on evidence and meaningful engagement
- A committed, innovative, effective, and values driven Council and workforce

Conclusion

The ARIC are now requested to note the Performance Audit and the recommendations for improvement that the City has identified to the control environment.

Officer Recommendation

That the Audit, Risk and Improvement Committee note the Office of the Auditor General Performance Audit on Local Government Management of Gifts and Benefits as per Attachment 1 and notes the recommendations for improvement to the City's controls outlined in Confidential Attachment 2.

Attachments

1. OAG Performance Audit - Local Government Management of Gifts and Benefits [**14.1.1** - 36 pages]
2. CONFIDENTIAL REDACTED - City of Mandurah Response - Audit Recommendations for improvement to the City's controls [**14.1.2** - 3 pages]

Office of the Auditor General
Serving the Public Interest

Report 11: 2025-26 | 18 March 2026

PERFORMANCE AUDIT

Local Government Management of Gifts and Benefits

Office of the Auditor General
for Western Australia

Audit team:
Jason Beeley
Jordan Langford-Smith
Nayna Raniga
Andrew Harris
Nick Chin

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: shuterstock.com/LightField Studios

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Local Government Management of Gifts and Benefits

Report 11: 2025-26
18 March 2026

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THE PRESIDENT
LEGISLATIVE COUNCIL

THE SPEAKER
LEGISLATIVE ASSEMBLY

LOCAL GOVERNMENT MANAGEMENT OF GIFTS AND BENEFITS

This report has been prepared for submission to Parliament under the provisions of sections 24 and 25 of the *Auditor General Act 2006*.

Performance 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 assessments of the effectiveness and efficiency of public sector programs and activities, and identify opportunities for improved performance.

This audit assessed if six local government entities are effectively managing gifts and benefits registers. It also assessed if the Department of Local Government, Industry Regulation and Safety is providing effective guidance to the sector.

I wish to acknowledge the entities' staff for their cooperation with this audit.

Caroline Spencer
Auditor General
18 March 2026

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Auditor General's overview

Ratepayers and the public have a right to expect that when local government entities make decisions, they are made based on merit and are free from undue influence. This requires entities to have effective policies and practices over gifts and benefits to ensure that there is transparency and that any resulting conflict of interest is appropriately managed. This is a particularly challenging area for council members, whose responsibilities to represent, advocate and build relationships within the community often expose them to offers of gifts and benefits. This audit identified that the range and number of gifts indicates that staff at all levels, not just council members and CEOs, are exposed to the risk of inappropriate influence.

Having complete and accurate gift registers allows scrutiny of who is offering gifts, who is accepting them and whether potentially inappropriate relationships are being cultivated. Our review of the publicly available registers identified that between 2019 and 2024, entities reported over 2,500 gifts valued at approximately $664,000. Event tickets and food and beverages were the most common gifts.

Given some high profile media reporting in recent years, we expected to identify systemic non-compliance with policies and procedures and incomplete recording of gifts and benefits. This was not the case as almost all entities have a gift register and we found evidence of good practice and diligence in the reporting and disclosure of gifts and benefits. Our e-discovery procedures revealed over 900 emails offering gifts and, from that, our detailed review only identified nine gifts above the reporting threshold which were accepted but not recorded within a two-and-half-year period. While there were a further 54 instances where we could not conclusively determine whether a gift was accepted because the staff were no longer employed by the entity, these results highlight the concerted effort entities are taking to transparently disclose gifts and benefits.

Diligent disclosure is important, but so too is managing the conflicts of interest created by gifts and benefits. Significant improvement is needed here as we found many instances where conflicts of interest were not appropriately managed. Across the six entities we audited, 79 individuals had received a gift or benefit from a supplier and had then inappropriately participated in tender assessments, been involved in procurement decisions or overseen contracts with suppliers. This creates unacceptable conflicts of interest which undermine decision-making.

We found that 70% of the gifts at the six entities were accepted by staff and almost half of these were related to events and hospitality. Given this, there is a need for strong controls and clear guidance directed at staff. Entities need to make it clear to potential and current suppliers to not offer gifts, and to staff, that they should decline gifts from current and potential suppliers and proponents.

There is more that the Department of Local Government, Industry Regulation and Safety can do to support entities in meeting their obligations. The six entities we audited all indicated that guidance could be improved, with some seeking independent legal advice to properly understand and meet their obligations. Clear guidance targeted to staff as well as council and CEOs, will help avoid these unnecessary costs being passed onto ratepayers.

Gifts and benefits are a risky and complicated area not just in local government but for all public officials and entities. It is important for all entities to review the findings, recommendations and better practices in this report to ensure that they have strong controls which promote a culture of transparency, impartiality and effective management of conflicts of interest.

Executive summary

Introduction

Following a sector-wide review of publicly available gifts and benefits registers, this audit assessed if the following six local government entities are effectively managing gifts and benefits:

- City of Bayswater
- City of Fremantle
- City of Kwinana
- City of Mandurah
- City of Perth
- Town of Cambridge.

We also assessed if the Department of Local Government, Industry Regulation and Safety (LGIRS) is actively monitoring entity compliance with gifts and benefits regulations and is providing effective guidance to the sector.

Rationale for undertaking the audit

Gifts and benefits can create real or perceived conflicts of interest, impacting integrity and public trust in local government decision-making. Strong governance, clear policies, and effective oversight are essential to manage these risks.

Recent media reports have raised concerns about gift acceptance practices in local governments, including high-value trips funded by external entities. Similar issues have been highlighted in other jurisdictions[1], with audit findings recommending improvements to risk management, policy frameworks and compliance monitoring.

This audit provides transparency over gifts and benefits practices in local government entities, with a detailed examination at six entities.

Background

Managing gifts and benefits is essential for maintaining integrity, accountability and public trust. It helps to prevent conflicts of interest and ensure decisions are made based on merit and not influenced by personal interests.

A gift is something of value given to someone without receiving equal value in return.[2] This can include money, goods, property, travel and hospitality. Benefits are often intangible and include any preferential treatment, privileged access, favours or other advantages offered to an officer above their normal salary or engagement entitlements.[3] Unlike gifts, benefits often

[1] Tom McIlroy, 'Salesforce slammed for lavish gifts meals with NDIA', *Australian Financial Review*, 26 June 2024, accessed 6 August 2024.

[2] A gift is defined within the *Local Government Act 1995 (s5.57)* and includes a conferral of a financial benefit (including disposition of property) made by a person in favour of another person without adequate consideration in money or a travel contribution.

[3] Government of Western Australia, *Managing the Risks of Gifts Benefits and Hospitality*, WA.gov.au website, 15 January 2025, accessed 24 October 2025.

lack a clear monetary value, but they can still create risks, particularly if they appear to offer a private advantage connected to someone's public role.

Gifts and benefits create a connection between the person who gave it and the person receiving it. This might influence how decisions are made, or the perception of how decisions are made. This risk and perception apply to all gifts and benefits, not just those that are required by the *Local Government Act 1995* (LG Act)[4] to be declared.

Although offers of gifts are often provided with positive intentions to recognise working relationships, they can create perceived or actual conflicts of interest and need to be managed based on clear principles that focus on:

- ensuring gifts are declared to provide transparency and enable scrutiny of who is giving and receiving gifts, and why
- considering who benefits from a gift when individuals accept or decline an offer
- declining most offers, particularly those from suppliers or other entities with commercial relationships with the entity
- identifying and managing conflicts of interest to maintain and demonstrate the integrity of decision-making
- good record keeping and active oversight of compliance.

Managing gifts and benefits well relies on individuals being able to do the right thing and make informed decisions. They need support in doing this in the form of codes of conduct, policies and procedures, and training. Gifts can vary widely, from token to substantial. They may be one-off or repeated and may be offered to many people or targeted at individuals. Depending on the context, they may all present a risk and accepting any gift requires careful consideration.

The LG Act regulations require council members and chief executive officers (CEOs) to declare any gift received in their capacity as a council member or CEO valued at $300 or above (or the cumulative value of gifts from one donor if they exceed $300 in a 12-month period) within 10 days of receipt. Council members and CEOs must also manage associated conflicts of interest. The CEO must maintain an up-to-date version of the register and publish it on the entity's official website.

When a council member or CEO receives a gift and the council is discussing a matter related to the donor, the council member or CEO cannot take part in the discussion or decision unless the council or the Minister for Local Government gives them permission to do so. This requirement does not apply to excluded gifts[5].

Mayors, Shire presidents, council members and CEOs are required to represent and promote the interests of their community. This can involve being offered gifts and benefits, particularly invitations to attend events. To manage this, entities under the LG Act are required to have a specific policy covering council member and CEO attendance at events. This policy supports decisions on whether attendance at events should be declared as a gift or whether it is in accordance with the entity's events policy and therefore does not need to be declared.

[4] *Local Government Act 1995* ss 5.87A, 5.87B and 5.87C.

[5] Excluded gifts are prescribed under s.5.62(1B) of the *Local Government Act 1995* and includes gifts offered to staff to attend events in accordance with local government rules and policies, gifts offered by other government departments, other local governments or member bodies such as Western Australian Local Government Association and Local Government Professionals Australia.

Local government staff also receive gifts and benefits. However, the requirements for staff differ from the requirements for council members and CEOs. The LG Act regulations prohibit staff[6] from accepting gifts which exceed a $300 threshold in a 12-month period. For gifts below this amount, the regulations require entities to set their own threshold for recording, storing and disclosing gifts accepted by staff in their codes of conduct. This provides flexibility to entities to determine their own reporting requirements for staff.

Given that entities maintain a broad range of commercial or other beneficial relationships, situations may arise that increase the risk of conflicts of interest. It is therefore important that the gifts and benefits staff receive are declared and any associated conflict of interest is managed, although this is not specifically prescribed under the LG Act.

Conclusion

Entities were generally effective in disclosing gifts and benefits, but they need to improve how they manage conflicts of interest from accepted gifts and more support and guidance is needed from the LGIRS. Addressing these weaknesses will help to ensure that decisions are free from undue influence and assist entities in managing their obligations in an efficient and transparent way.

Most entities demonstrated transparency in reporting gifts received by council members, CEOs and staff. All except two of the 147 entities had a published gift register and our e-discovery procedures for unrecorded gifts and benefits at six entities indicated that registers were mostly complete. This transparency is important in maintaining public trust and confidence and helps to ensure accountability in decision-making.

While gift registers were mostly accurate and complete, entities were not effectively managing conflicts of interests arising from accepted gifts. At the six audited entities, there were 79 individuals who accepted gifts from current or future suppliers and were involved with procurement, purchasing or contract management decisions. If conflicts of interest arising from accepted gifts are not managed, decisions may not be free from undue influence.

Current guidance from LGIRS focuses on council members and CEOs, but at the six entities, 70% of gifts were accepted by staff. In addition, current legal and regulatory requirements are out of step with the public sector more broadly, with the thresholds for reporting gifts being high and the timeframes for disclosing gifts being too tight. Clear and appropriate guidance will not only help entities manage their obligations efficiently, but it will also improve the transparency for ratepayers.

[6] For the purposes of regulations 19AB and 19AC of the Local Government (Administration) Regulations 1996, staff are all employees excluding the CEO.

Findings

Overall, entities are providing transparency around gifts and benefits

Almost all entities had gift registers, but some were incomplete or had not been updated, limiting the monitoring of risks and compliance

Although most entities had published gift registers, 78 (53%) entities' registers did not have any information or had information that had not been recently updated (Table 1). Where no gifts or benefits have been accepted, it is important for entities to publish a nil declaration on the gifts and benefits register during the reporting period. Transparency enables the community's ability to scrutinise potential conflicts of interest or undue influence in decision-making.

	Number of entities	Percentage
Did not have published register	2	1%
No data in published register	24	16%
No new data since 1 July 2022	35	24%
No new data since 1 July 2023	17	12%
Published register with current data	69	47%
Total entities	**147**	**100%**

Source: OAG based on public entity data July 2024

Table 1: Review of published entity gift registers

We found that 75% of the registers did not record whether a gift or benefit had been accepted or declined. LGIRS guidelines and Form 4 – Register of gifts (Appendix 1)[7] provided within the regulations to assist entities, does not require this information to be recorded as this is not required by the LG Act and regulations. Tracking both accepted and declined gifts can reveal patterns of attempted influence requiring further oversight.

We note that entities receive many gift offers, including those from community organisations and groups they support. However, declaring declined gifts from commercial entities seeking to benefit from interactions with local governments will help to identify conflicts of interest risks and bring entities more in line with State and Australian entities that report declined gifts.

Decisions to accept gifts and benefits often lack clarity about who the intended beneficiary is. Council members, CEOs and staff did not consistently document details that show consideration of the nature of gifts being offered, why they were offered and in what capacity they were being accepted (for example for official representation, ceremonial purposes or whether personally accepted by staff). Documenting these details and outlining the reasons for accepting or declining gifts or benefits within registers is key. They help individuals demonstrate whether a gift is for their personal benefit, for the benefit of the gift giver, or for the entity they represent. Without these details, ambiguity can lead to inconsistent practices, misinterpretation of regulatory obligations and difficulty in enforcing policies around gift acceptance.

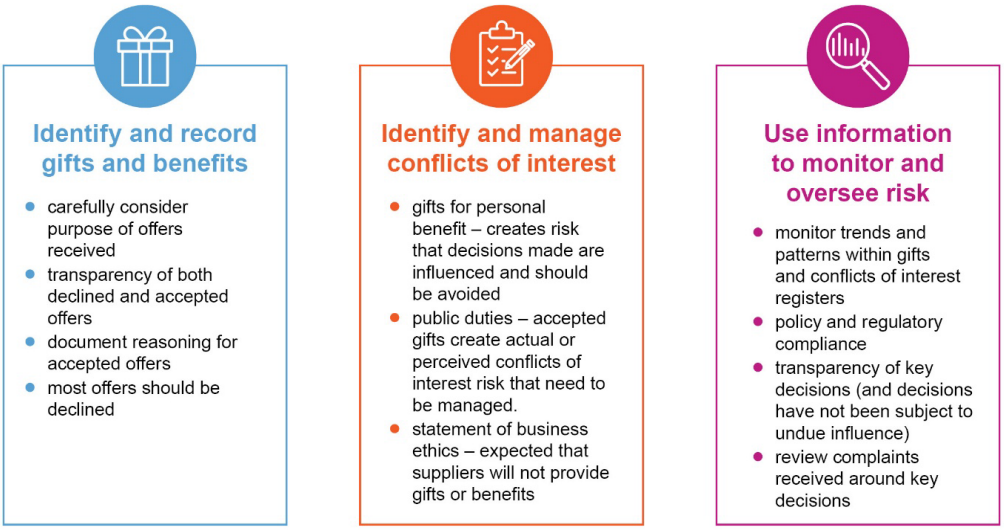
[7] This form is applicable to council members and CEOs.

Entities do not always have the controls and processes to declare gifts within 10 days of receipt as required by the LG Act. Ninety per cent of the registers we reviewed did not record the date the gift declarations were recorded in the register. The absence of this date impairs entities and LGIRS monitoring of compliance with the 10-day rule. This is because most entities are using the Form 4 – Register of gifts (Appendix 1) provided by LGIRS that does not capture this information.

All audited entities are reporting gifts and benefits within their registers, however all indicated that reporting within 10 days of when a gift is received is onerous and impractical. The Australian Government requires its agency heads to report in its registers within 31 days of when a gift is received.[8] We consider this timeframe is more reasonable to allow entities to identify, record and properly communicate decisions and related actions within its registers, whilst continuing to meet public expectations.

Gift registers at the six audited entities were generally complete, providing transparency and allowing for public scrutiny

Dealing with gifts and benefits can be complex, particularly for council members, as their roles in representing, advocating for, and build relationships with the community and stakeholders can lead to offers of gifts and hospitality. Lack of clarity in decision-making can lead to risks, including perceived or actual conflicts of interest, undermining public confidence in the integrity of an entity's operations. While some individuals may assume they are acting appropriately, without a clear framework and principles (Figure 1), policy and code of conduct requirements may not be met, which can unnecessarily damage the reputations of people who aim to uphold high standards in public office.



Source: OAG

Figure 1: Key components of a gifts and benefit framework

Our e-discovery identified just over 900 emails offering gifts and benefits, and from this review we found nine instances where staff accepted gifts that did not match any declaration recorded in the gift register. This reflects a sample of council members, CEOs and staff at

[8] Australian Public Service Commission, *Guidance for Agency Heads - Gifts and Benefits*, ASPC.gov.au, 20 October 2023, accessed 14 July 2025.

each audited entity over a two-and-a-half-year period, and indicates that gifts and benefit registers were generally complete, with three entities having no identified undeclared gifts and benefits. This greatly assists entities to identify, assess and manage conflicts of interest.

The six audited entities confirmed (Table 2) that:

- 48 of the offers were gifts that had been accepted
    - 39 of these were below the $300 threshold limit defined by the LG Act and regulations, or relevant limit for staff[9] and therefore were not required to be declared
    - the remaining nine non-declared gifts have been added to audited entities' gift registers following our enquiries
- a further 197 offers were accepted under the entities event attendance and related policies. These were either paid for by the staff member and therefore not treated as gifts or benefits, or the entity itself paid for them.

Entity	Total number of offers	Gifts that had been accepted	Below the reporting threshold	Above thresholds and now added to the gift register
City of Bayswater	81	27	24	3
City of Fremantle	219	13	13	0
City of Kwinana	106	4	0	4
City of Mandurah	147	0	0	0
City of Perth	294[10]	4	2	2
Town of Cambridge	54	0	0	0
Total	**901**	**48**	**39**[11]	**9**

Source: OAG based on entity data

Table 2: e-discovery results (1 July 2022 to 31 December 2024) identifying offers and accepted gifts by audited entities

In total, the audit resulted in 18 gifts (2%) being added to entity gift registers. Nine of these were above the threshold for reporting and had to be disclosed, another nine were below the threshold but were disclosed voluntarily.

There were another 54 instances (6%) across the audited entities where it could not be determined if the gift or benefit had been accepted or declined because the staff were no longer employed by the entity. In these instances, it is not known if disclosure requirements have been met. However, even if these were all accepted and not disclosed, the level of non-compliance would be low at 63 (7%). The remaining offers were either declined or the entities had paid for the individual to attend an event where a benefit to the entity was identified.

[9] The relevant limit for staff will be the limit prescribed in each entities' code of conduct as required by Regulation 19AC of the Local Government (Administration) Regulations 1996.

[10] Due to the large number of offers, we recommended that the City of Perth focus their review on entries which could raise possible conflicts of interest if accepted. Of the 294 offers identified, 237 lower risk category offers have not been reviewed at the time of this report.

[11] Of these gifts, there were nine that entities voluntarily added nine to the register after the audit.

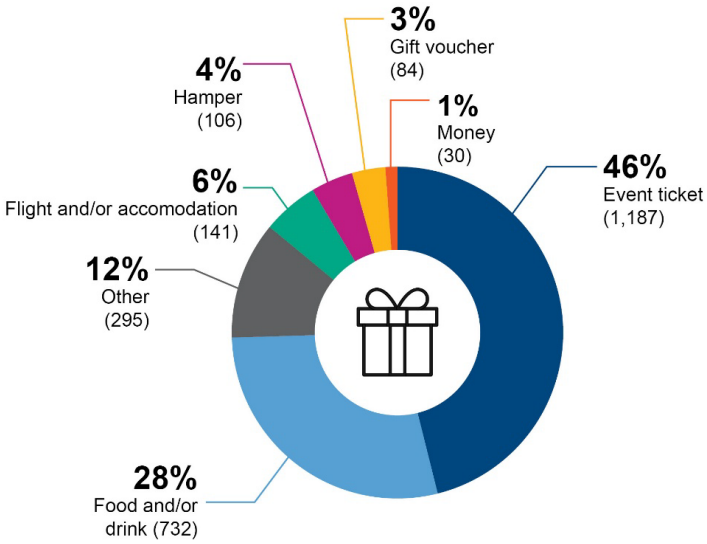
While most of the 48 accepted gifts were work-related and included conferences, hospitality and business-related activities, a small number were accepted for personal benefit. These included a small number of complimentary tickets to VIP sections and corporate suites for sporting events, as well as hospitality (including meals and alcohol). Gifts were accepted from a range of organisations including sport clubs, entertainment/event organisers, professional bodies, mining and IT companies, contractors and suppliers. Accepted gifts and benefits have the potential to create a conflict of interest, even if they are work-related, when they are not identified and managed. This reinforces the need for declarations to detail decision-making to aide with transparency.

The range and number of gifts indicates that staff at all levels, not just council members and CEOs, are exposed to the risk of inappropriate influence

Gifts and benefits are offered and accepted across operational and decision-making roles within entities and by council members and CEOs. While mayors, council members and CEOs receive gifts, staff involved in decision-making areas such as procurement, leasing and property approvals are also offered and accept gifts. These staff are at higher risk of conflicts of interest because of the decisions they make in their roles.

Across the six audited entities, 70% of gift declarations were made by staff. Even though staff have lower reporting thresholds, which can lead to more declarations, receiving gifts still increases the risk of real or perceived conflicts of interest. This shows why strong controls and clear processes for managing gifts are important. These controls and processes should apply at all levels of entities, particularly to high-risk positions.

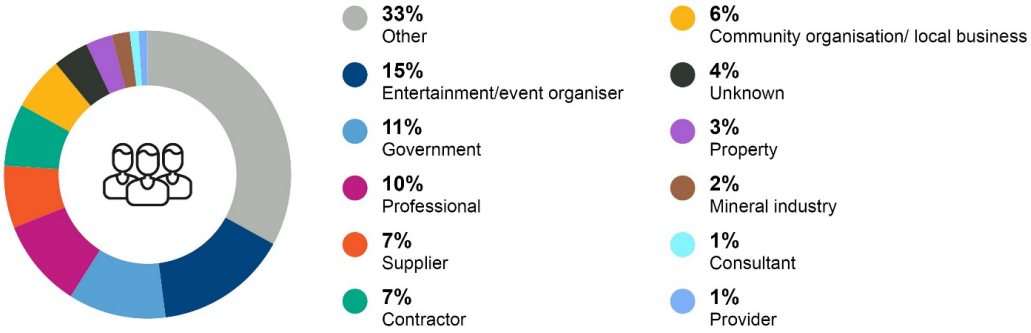
Our review of the publicly available registers of all entities found that between 2019 and 2024 the total number of gifts reported by entities was over 2,500 with a total value of approximately $664,000. Event tickets and food and drink were the most common type of gifts offered, with 10% of all gifts being alcohol and 4% being money or gift vouchers (Figure 2). Gifts of flights and accommodation included 23 instances of international travel.



Source: OAG using publicly available information

Figure 2: Types of gifts recorded in entities' publicly available gift registers between 2019 and 2024

These gifts and benefits were offered by many providers with almost 13% recorded in registers as received from current suppliers and contractors of the entity (Figure 3).



Source: OAG using publicly available information

Figure 3: Sources of gifts recorded in entities' publicly available gift registers between 2019 and 2024

The receipt of gifts and benefits may also be covered by other entity policies and procedures. In accepting gifts, the recipient needs to be mindful of those to ensure compliance with both policies. For example, some member entities of the Perth South West Metropolitan Alliance recorded overseas travel to the United States of America in September 2024 as a gift in their registers and others did not. Where entities have recorded this travel within their gift and benefits registers this provides transparency for council and ratepayers. Entities should still ensure acceptance of gifts and recording of these within gift registers does not substitute for complying with their overseas travel policy requirements.

Entities are not effectively managing conflicts arising from accepting gifts

Conflicts of interest created by accepting gifts are not effectively managed increasing the risk of inappropriate influence

Even when accepted gifts are declared and transparent, we found that the resulting conflicts of interest are not effectively identified or managed. A conflict of interest is created by gift recipients accepting gifts and benefits from current or potential suppliers seeking to obtain work with the entity. We found examples in all audited entities where gifts had been accepted and declared from suppliers but some of these individuals had been involved in procurement decisions or contract management with the supplier. Although in these instances there was a level of transparency about the gifts, because conflicts of interest were not managed, the risk of inappropriate influence was not mitigated.

There were almost 700 instances of accepted gifts or benefits from organisations on the supplier master file for all the audited entities. Of these:

- 79 individuals who had accepted gifts and benefits were then involved in procurement as panel members of tenders, approving procurement decisions and/or purchase requisitions, or overseeing contracts with suppliers
- only five of these individuals (6.3%) had disclosed a conflict of interest risk when participating in a procurement decision relating to the entity providing the gift
- for two of the five individuals, even when a conflict of interest had been declared, we were unable to find any documented strategies to mitigate the risk of influence.

Case study 1 where offers of gifts and benefits from suppliers were accepted by staff. Although the value of the gifts were sometimes small in value, they create a concerning trend as they were identified across the audited entities and resulted in a perceived or actual conflict of interest. If these are not managed, they can lead to the perception of improper influence of decisions made by entities.

Case study 1: Examples of inappropriate gifts offered by suppliers and accepted by staff participating in procurement decisions

- In 2019, a staff member was on the evaluation panel that awarded a contract to a supplier for approximately $111,000. The staff member subsequently managed the contract. Six months before the contract was renewed, the contract manager accepted tickets to watch an AFL game at Optus Stadium. This contract manager was also a panel member during the contract renewal process which saw the contract successfully renewed and increase in value to almost half a million dollars.
- A staff member received three bottles of 12-year-old whisky from a property company valued under $300 after the awarding of a tender for an estimated value of $19.2 million over a five-year period. These gifts were surrendered by the staff member to their social club, and therefore still retained by the entity. The offering and acceptance of such gifts is inappropriate, even after the awarding of contracts, as it is intended to build relationships that may bias future decisions.
- At another audited entity, three staff accepted gifts which included alcohol from a current supplier. Two of the staff were on a tender evaluation panel for that supplier and did not declare any conflict of interest in relation to the gifts. The supplier was the successful tenderer and awarded a contract to the value of $400,000. Those staff have also been involved in approving purchase orders for the supplier.
- At one audited entity the following conflicts of interest were identified and not declared:
    - two staff members accepted a bottle of alcohol each, valued at $50 per bottle from a supplier. One of the staff members approved purchase orders for the supplier and was the nominated representative overseeing the contract, currently valued at $185,000
    - a staff member accepted a bottle of whisky valued at $120 from a supplier and approved purchase orders and purchase amendments from this supplier
    - a staff member received a $50 gift card from a supplier and then went on to approve purchase orders and a contract extension for a further one year for this supplier.
- Thirteen staff at another entity received various $50 gift vouchers in 2019 from a supplier. Four of the staff were involved in the tender process where the gift giving organisation was successful with a contract value of approximately $1.4 million.

All audited entities' policies required panel members to declare conflicts of interest during procurement processes. However, none of them asked panel members when assessing tenders or making procurement decisions to consider whether receiving a gift or benefit may create a conflict. Instead, procurement processes focused primarily on conflicts from personal relationships, proximity, or financial interests, which are better understood by staff and still need to be managed. Staff involved in procurement and commercial activities need to understand conflict of interest risks related to receiving gifts or benefits and when to declare a conflict of interest. By excluding gift-based conflict of interest consideration, entities risk overlooking a key source of influence that can affect decision-making as evidenced in Case study 1.

Conflicts of interest are not considered when recording gifts and benefits, limiting entity oversight of risk and staff compliance with policies

Most audited entities do not require staff to consider the risks from gift acceptance. Five of the six entities' gift registers did not require recipients to consider conflict of interest risks. The City of Mandurah was the only entity that explicitly asked recipients to assess perceived and actual conflict of interest, including whether accepting a gift could lead to a future conflict of interest. Staff are required to consider and document whether the acceptance of the gift creates an impression that the staff member will favour the provider when carrying out their duties. The register also requires declarations to detail information considered in decisions made in accepting or declining gifts, including whether their supervisor or manager has been informed of the gift to aide with oversight, representing good practice.

The City of Mandurah's register is supported by guidance requiring staff to decline the receipt of gifts or benefits from suppliers where conflicts of interest arise and defines which gifts may be acceptable and which are prohibited. Prohibited gifts include:

- any token gift over the value of $50
- any cash or equivalent
- training over $300
- ticket to an event valued over $300
- ticket to an event not related to professional development valued over $50
- any gift of alcohol
- prizes of any value.

Low value gifts can create a perception of bias or preferential treatment if received frequently from parties with vested interests, even when staff are following policies.

The gift registers across the six audited entities showed instances where suppliers and stakeholders offered frequent, low-value gifts such as hospitality, promotional items, and event invitations. While suppliers may wish to showcase the value of their products and services, this should occur through fair and competitive procurement processes – not through gifts. Although low-value gifts often fall below disclosure thresholds and may seem harmless and considered gestures of goodwill, if repeated they can gradually build familiarity and influence over decision-makers. Entities should demonstrate that there is a clear benefit to the entity and not to individuals before accepting the gift.

Some entities have statements of business ethics to help prevent suppliers offering gifts

To minimise staff exposure to the risks from supplier gifts, three of the audited entities have a statement of business ethics (City of Perth, City of Mandurah and Town of Cambridge). A statement of business ethics sets out entity expectations of suppliers in conducting business with them, including not providing or offering gifts and incentives, and provides staff guidance in declining gifts and benefits when offered. At one entity, the implementation of a statement of business ethics resulted in a decline in gift offers from suppliers. A statement of business ethics supports staff to minimise the risk of organisations seeking to influence decisions through gifts and benefits.

However, a statement of business ethics on its own will not always prevent gifts from suppliers. Improvements in policy and procedures, training and monitoring is required to manage the risks of gifts and benefits appropriately.

Audited entities are not using all information to mitigate risks arising from accepting gifts

None of the six audited entities have processes to review information in their gift registers to identify patterns or trends in gifts offered or accepted. This means they are not analysing data that could reveal risks such as offers targeting particular positions, repeated offers from the same company, or conflict of interest risks associated with gift providers. As a result, they are less equipped to identify and address emerging risks.

Further, not all audited entities were using other information they have such as supplier masterfile information, tender registers, lease registers and complaint registers that would help them identify whether controls for gift-based conflicts are working. The City of Kwinana introduced a centralised complaints register, but this has not been implemented long enough to identify trends in conflicts of interest or information which may indicate that there are undeclared gifts and benefits. The other entities could also use complaints information to help identify concerns that relate to fair and transparent decisions. However, these entities did not have centralised complaints information because complaints are dealt with in individual business areas. This siloed approach makes it harder to use the information to identify where there has been at least a perception of a conflict of interest that may be linked to gifts and benefits.

The audited entities rely heavily on staff knowing when to declare gifts and following codes of conduct. Consistent oversight is needed to help entities manage gift declarations. While all the audited entities used an electronic system to manage gift and benefit declarations, there were gaps in recording and ensuring compliance. Two of the audited entities are not fully utilising system functionality with one entity manually recording information between their register and system and the other using their system to only manage council members and CEO declarations. Improving system functionality will help entities ensure the information they have is robust and allow them to use this information for effective oversight of gift and benefit declarations and identify and manage conflicts of interest.

There were six instances across two entities where advice from governance staff to declare gifts was not acted upon, reducing transparency and increasing risk. All audited entities had governance teams providing advice and promoting compliance. In one entity, governance advised staff to return gifts offered by current suppliers, demonstrating proactive support but also highlighting ongoing risks in procurement-related roles. Council members, CEOs and staff are encouraged to seek governance advice when unsure about accepting gifts and leadership teams should support and reinforce the advice governance teams provide. Not following governance advice can undermine transparency and weaken controls designed to ensure compliance and reduce risk.

Entities have policies, procedures and training on gifts and benefits but more support is required

Policies and procedures exist but some are outdated and lack details on what is expected of council members and staff

All six audited entities have policies and procedures to help staff recognise and avoid situations where personal interests could influence, or appear to influence, professional decisions. These policies and procedures are supported by codes of conduct that outline disclosure requirements, but most procedures require improvements to help manage the risks inherent in offers of gifts and benefits.

Four of the six entities' gifts and benefits policies lack clear guidance on when gifts and benefits should be declined, with some being outdated. These entities do not clearly outline examples of prohibited gifts, including not accepting gifts from current or potential suppliers.

This limits their usefulness in helping staff make sound decisions when faced with offers of gifts or benefits and protect the entity from perceptions of bias.

At each of the six audited entities, we saw gifts and benefits being declined by staff, which helps demonstrate that staff do assess and decline gifts when benefits to entities are not clear. Gifts and benefits declined included invitations to sporting events, hospitality that included networking with food and alcohol and gifts offered from suppliers. Some audited entities declined gifts and subsequently chose to pay where a work-related benefit was determined for example where a staff member attended professional development courses. These instances demonstrate staff awareness and the majority try to do the right thing and comply with policy positions.

Policies and procedures clearly define the circumstances when it is appropriate or not to accept gifts or benefits and explain the processes to follow where a perceived or actual conflict of interest exists. The City of Mandurah has published a decision-making tool on its intranet to help convey expectations and guide staff in their decisions and declarations of gifts and benefits. This tool is clear, practical and easy to understand and represents good practice made available by the Public Sector Commission[12] (Figure 4). Guidance to staff also includes the Public Sector Commission's 6Ps and 6Rs Tools[13] for managing conflicts of interest.

G – Giver

Who is providing the gift, benefit or hospitality and what is their relationship to me?

Does my role require me to select contractors, award grants, regulate industries or determine government policies?

Could the giver (person or organisation) benefit from a decision I make?

I – Influence

Is the giver seeking to influence my decisions or actions?

Is the gift, benefit or hospitality being offered to me publicly or privately?

Is it a courtesy, token of appreciation or highly valuable?

Does its timing coincide with a decision I am about to make?

F – Favour

Is the giver seeking a favour in return for the gift, benefit or hospitality?

Is the gift, benefit or hospitality being offered honestly?

Has the giver made several offers to me or people in my business area over the last12 months?

Would accepting it create an obligation on me to return a favour?

T – Trust

Will public trust be enhanced or diminished?

Could I publicly explain why I am accepting the gift, benefit or hospitality?

What would my colleagues, family, friends and associates think?

Have I made good records on accepting the gift, benefit or hospitality in accordance with reporting and recording procedures?

Declining a gift can be as simple as saying "Thank you for your offer however as a public officer it is not appropriate for me to accept gifts".

Source: City of Mandurah

Figure 4: Prompts for City of Mandurah staff to consider when offered a gift (using public sector guidance – decision-making tool)

[12] Government of Western Australia, *Decision-making tool: GIFT test*, WA.gov.au website, 3 November 2021, accessed 25 January 2025

[13] The 6Ps and 6Rs tools help authorities and public officers identify and manage conflicts of interest.

Training is available, but it is often limited to the induction process rather than regularly reinforced to help embed desired behaviours

All the audited entities have formal training covering gift and benefits policies and procedures, but for most audited entities training is provided to council members and staff only during onboarding. The City of Mandurah and the City of Perth provide regular training to staff members, which includes some coverage of gifts and benefits. A lack of regular training reduces the likelihood that the behaviours laid out in policies and procedures are embedded in the culture of entities.

In the absence of regular refresher training, most audited entities rely on seasonal or informal reminders to reinforce gift declaration requirements. These typically occur around festive periods, such as Christmas, or during staff briefings. While helpful, this ad-hoc approach may not provide sufficient guidance for staff to consistently apply policies throughout the year.

LGIRS support and guidance on gifts and benefits is not fully effective

There is limited guidance to the sector for entity staff, leaving entities to develop their own guidance, increasing the risk of inconsistent practice across the sector. LGIRS guidance, last reviewed in 2022, is targeted only to council members and CEOs as they are explicitly covered by the LG Act and regulations. LGIRS supports entities and responds to specific individual queries on gifts and benefits but does not proactively communicate these more broadly to enable shared learning.

In some areas the LGIRS guidance has not been sufficient, resulting in different interpretations by entities. Some entities were obtaining their own independent legal advice, at the cost of ratepayers, to help them meet their compliance requirements. In one instance LGIRS recommended an entity seek their own legal advice if they had any doubt on LGIRS interpretation of a query they raised with them. This query was in relation to the timing of exactly when a gift was accepted. Without clear guidance, inconsistent practice can lead to limited transparency and make monitoring of compliance by LGIRS difficult.

All the audited entities told us the guidance provided by LGIRS is not sufficient to meet their needs. For instance, the current disclosure requirements do not require declarations of declined gifts and the disclosure threshold of $300 is higher than that set for the WA State and Australian government entities ($50 and $100 respectively). This can restrict transparency and may not reflect community expectations. All audited entities have independently set lower value thresholds than those required, indicating the $300 threshold does not meet their risk tolerances.

Recommendations

To enable effective management of gifts and benefits, entities should:

1. provide education and guidance that sets out entity expectations and assists staff and council members in making decisions by:
    a. implementing clear and up to date policies and procedures that outline gifts that are acceptable (good practice limits these to token gifts)
    b. requiring accepted and declined gifts from commercial entities, be declared
    c. specifically outline gifts that are prohibited
    d. implement regular training and education programs to ensure staff understand and apply policy, procedure and code of conduct, in practice and when making decisions.

    Implementation timeframe: December 2026

    Entity response: Entities generally accepted the recommendations but noted that there is currently no legal or regulatory requirement to disclose declined gifts.
2. Implement fit for purpose, risk-based monitoring and reporting mechanisms to:
    a. proactively oversee gift and benefit declarations
    b. analyse information across the entity to identify undeclared gifts, check that controls are working and identify any concerning trends or patterns
    c. manage perceived and actual conflicts of interest, requiring these declarations to consider the receipt of gifts and benefits
    d. consider a centralised complaints register to highlight where controls and processes have not been followed and identify systemic risks.

    Implementation timeframe: December 2026

    Entity response: Recommendation supported.

To enable effective oversight of compliance requirements and in supporting the local government sector, LGIRS should:

3. review regulatory requirements and guidelines to consider:
    a. reducing the $300 threshold or explaining why it remains appropriate (noting state entity requirements of $50 or Australian Government requirements of $100)
    b. increasing the timeframe for updating gift registers from 10 days to better reflect the tempo and nature of senior attention, decision-making and compliance reporting processes, (noting 31 days is the Australian Government timeframe)
    c. amending the Form 4 template to record both the date the gift was received as well as the date the gift register was updated to allow regulatory compliance to be monitored.

    Implementation timeframe: December 2026

    Entity response: Recommendation to be considered as part of review of potential legislative reform and updates to guidelines.

4. Issue updated guidance and templates to the sector to:
    a. extend guidance beyond elected members and CEOs to include all entity staff
    b. require entity gift registers to disclose accepted gifts and benefits and declined gifts from commercial entities to:
        - improve transparency – listing all offers improves trust that declined gifts have not been accepted informally and staff have not been subject to influence
        - improve compliance - declined gifts can help identify patterns where repeated offers from the same person or company are being offered or identify situations requiring further oversight
        - help protect staff by officially recording declined gifts demonstrating compliance and maintaining trust.

Implementation timeframe: December 2026

Entity response: LGIRS accepts the recommendation.

Response from the City of Bayswater

The City of Bayswater thanks the Office of the Auditor General (OAG) for its comprehensive report. We acknowledge the complexity of this audit and appreciate the significant effort involved in reviewing extensive information to develop recommendations that support local governments in managing gifts and benefits effectively.

The report confirms that local governments are generally complying with legislative requirements. The data reflects robust governance practices and strong adherence to these requirements, providing confidence in overall compliance across the sector.

Three gifts were identified as accepted by City of Bayswater employees, but not recorded in the City's Gift Register. Two related to an Economic Development Breakfast and one to an Awards Ceremony where the City was nominated for an award. Employees were requested to attend these events as part of their official duties and therefore did not perceive or identify them as gifts.

The City acknowledges there is always room for improvement. While the findings confirm a strong commitment to integrity and sound governance practices, the City of Bayswater values the recommendations and remains committed to continuous improvement and maintaining high standards of accountability.

Response to Recommendations:

Finding 1: The City will review and update its processes and training to provide enhanced education and guidance on the management of gifts and benefits.

Due Date: 31 December 2026

Finding 2: The City will implement a risk-based approach to monitoring the recording and reporting of gifts and benefits.

Due Date: 31 December 2026

Response from the City of Fremantle

Recommendation 1

All newly elected Council Members at the City of Fremantle are required to complete an induction and mandatory training following the election. The City's induction process includes a presentation from WALGA or City Officers, outlining their role and responsibilities as an Elected Member, this includes gifts and interest disclosure requirements. They are also provided with an induction manual, which includes various information regarding gifts and disclosure of interest requirements. The induction manual also includes operational guidelines published by the Department, Council policies and procedures. In 2025, the city also introduced an internal intranet site for Elected Members to provide them with direct access to up-to-date information relevant to their role.

Officers at the City are required to complete mandatory Code of Conduct training, which includes important information in relation to gifts, and specifically outlines that gifts over $300 are prohibited. Information regarding disclosure of interest relating to gifts has also been included in the City's new procurement policy, guidelines and mandatory training. Officers are reminded that they are required to disclose any interests relating to a supplier when undertaking any procurement process such as an RFQ or Tender. Online and in person Governance training has been implemented to ensure staff are aware of their

requirements relating to gifts, and regular reminders and information is also published on the City's internal intranet site.

Elected Members and staff are required to disclose gifts in accordance with the requirements of the Local Government Act and these disclosures are recorded within a gift register which is published on the City's website. The City has not implemented the requirement to disclose gifts that have been declined, as this is not a requirement of the Act. However, staff are required to record this information in the City's records keeping system for future reference.

Recommendation 2

In addition to the annual Compliance Audit Return review, the City undertakes regular internal Governance audits, to monitor gift disclosures and compliance. When non-compliance occurs, the matter is reviewed and appropriate action is taken. This may include mandatory training relating to gift and interest disclosures, or if the matter is serious or repeated, disciplinary action may be taken and the matter is reported to the Department and CCC. If non-compliance is related to an Elected Member or the CEO, this is reported to the Department and CCC as required.

Disclosure of declined gifts

Whilst the City makes every effort to ensure Staff and Elected Members are aware of their requirements relating to gifts, and gift disclosures are made to ensure compliance and transparency, in the City's opinion, the disclosure of gifts that are declined is not required for the following reasons:

The Local Government Act 1995 establishes disclosure obligations for gifts that are received by the CEO and Council Members. Section 5.87A(1) requires disclosure only for gifts that have been received. The term "received" implies acceptance and possession of the gift. Where a gift is declined, it is never taken into possession and therefore does not meet the statutory condition of being "received". As such, a gift that is offered but not accepted, in the City's opinion, does not fall within this definition.

The intent of disclosure provisions is to ensure transparency regarding benefits that may influence decision-making. If a gift is declined, no benefit is conferred, and therefore no potential for undue influence exists. Recording declined gifts as disclosures could create unnecessary administrative burden and misrepresent the nature of interactions, as no actual transfer of value occurred. Therefore, a gift that has not been accepted should not be disclosed, as it does not meet the legislative requirement of being "received," nor does it present any risk of influence or conflict of interest.

Gifts received electronically by email

A gift offered via email is not considered "received" until formal acceptance occurs. The City's interpretation is based on the following principles:

Section 5.87A of the Act requires disclosure of gifts that are received. The term "received" implies both acceptance and possession. An emailed offer is merely an invitation; until the recipient formally accepts, no transfer of benefit has occurred. The intent of the legislation is to ensure transparency regarding benefits that may influence decision-making. If a gift remains unaccepted, there is no actual benefit conferred, and therefore no potential for undue influence.

Formal acceptance provides a clear, auditable point in time when the gift becomes a reportable item. This prevents ambiguity about whether an offer constitutes a received gift and supports consistent governance practices. Treating emailed offers as "received"

without acceptance could lead to unnecessary disclosures and misinterpretation of interactions. Requiring formal acceptance ensures that only genuine transfers of value are recorded.

In conclusion, a gift offered by email should only be considered “received” once formal acceptance has been given, as this aligns with the statutory wording, legislative intent, and best practice for transparency and accountability.

Concluding remarks

As a result of this Audit, the City has commenced a review of the information, processes and training provided to staff and Elected Members relating to gift and disclosures of interest, to ensure improvement. Various initiatives as outlined in the responses above have already been implemented, and additional improvements are being considered by the City, with the intent to be implemented as actions as a result of this audit. These actions will be reported to the City’s Audit, Risk and Improvement Committee for consideration and adopted by Council.

Response from the City of Kwinana

The City of Kwinana (City) appreciates the Office of the Auditor General’s (OAG) report on local government management of gifts and benefits and supports the recommendations provided. The City values the OAG’s review and acknowledges the importance of robust compliance practices in relation to gifts, benefits and conflicts of interest. The findings and insights outlined in the report will assist the City in further strengthening its ongoing commitment to transparency, integrity and public trust in decision-making.

The report highlights that legislative change alone may not always achieve all governance outcomes as intended. It reinforces that compliance with minimum statutory requirements does not necessarily equate to best practice. The City recognises the OAG’s encouragement for local governments to exceed baseline standards, including consideration of measures such as declaring declined gifts and recording supplementary information in the Form 4 register. While the City acknowledges the value of enhanced disclosure, the inclusion of additional information is not currently within the scope of the legislatively prescribed form. Accordingly, the City suggests that any expansion of reporting requirements be supported by formal legislative amendment and that proposed changes be clearly communicated to all local governments to ensure consistent application.

The City is committed to supporting its Governance and Legal team in the implementation of required changes arising from the OAG’s recommendations. The Leadership team will play a key role in proactively promoting clear information and encouraging adherence to updated processes and procedures, ensuring that all staff are well-informed and equipped to comply effectively. The City also notes its support for the recommendations directed to the Local Government Integrity Reporting System (LGIRS).

Since the OAG audit commenced in November 2024, the process has already prompted improvements to the City’s internal practices concerning gifts, benefits and conflicts of interest. The City has initiated a comprehensive review of relevant processes and is progressively implementing necessary changes. A detailed project plan has been developed to guide the coordinated implementation of all recommendations. Progress reports will be provided to the City’s Audit, Risk and Improvement Committee for ongoing oversight and monitoring.

The City will continue to implement these improvements with the objective of maintaining best practice standards in the management of gifts, benefits and conflicts of interest. The

City thanks the Office of the Auditor General for its audit and constructive recommendations and is confident that the actions underway will further enhance governance, accountability and community confidence.

Recommendation 1

The City acknowledges and accepts the recommendations outlined for the effective management of gifts and benefits, and conflicts of interest within Local Government entities. Since the commencement of the OAG audit, the City has proactively begun implementing changes to its approach.

Recommendation 2

The City acknowledges and accepts the recommendations regarding the implementation of fit for purpose, risk-based monitoring and reporting mechanisms. The City would like to note it has completed recommendation 2(d) by establishing the City's "Feedback Register" in August 2023.

Response from the City of Mandurah

The City of Mandurah (the City) has established controls in place that address the OAG recommendations. These controls are reviewed annually to assess their effectiveness and to support continuous improvement.

Through the City's control environment, employees are required to carefully assess the appropriateness of accepting any gift or benefit, particularly where they are involved in procurement activities, grant assessments, or the exercise of delegated authority.

Employees are reminded that the acceptance of a gift must not compromise, or be seen to compromise, their impartiality or the integrity of the City. Decisions must be made on merit, free from undue influence. Where there is any doubt, employees are required to decline the gift and/or seek guidance in accordance with the City's Code of Conduct requirements.

The City has a number of controls to proactively oversee gifts and benefit declaration, including quarterly and annual reporting.

The City will improve its current reporting to the Chief Executive Officer to include a three-year trend analysis that will identify: number of gifts received; number of gifts offered and declined; individuals repeatedly receiving gifts; business units repeatedly receiving gifts; suppliers repeatedly offering gifts and categories of gifts received. Where there a trends observed, the City will utilise this information to provide:

- further education for individuals or teams;
- improvement to controls, such as procedures and guidelines;
- contact City suppliers regarding their obligations under the Statement of Business Ethics, i.e. do not provide gifts to City employees.

The City will further strengthen its employee gifts and conflict of interests training, including identifying and managing any actual, potential or perceived conflict of interest arising from it. This requirement will apply particularly where employees are:

- Undertaking procurement and tender evaluation processes
- Assessing or recommending grant funding
- Exercising delegated or statutory authority

- Training materials, guidelines and procedures will be updated to reinforce these obligations and ensure consistent understanding and application by City officers.

The City will continue to reinforce these obligations through, training, guidelines and ongoing awareness initiatives to ensure consistent and ethical decision-making across the organisation.

Response from the City of Perth

The City of Perth is committed to continuous improvement and feedback and has welcomed the opportunity to participate in the OAG's Local Government Management of Gifts and Benefits Audit.

The City has a range of policies and guidance in place for both staff and elected members to support them in meeting their obligations relating to the declaration of gifts and benefits. This also provides additional guidance and oversight in the management of any related interests.

Based on the two recommendations in this report the city will further enhance its education and training on gifts and benefits and interests' management.

Recommendation 1

The City of Perth believes it already has clear and up to date policies in place. However, the City will review its gifts management framework to ensure currency and promote best practice. The City will also continue to encourage its Elected Members to declare all gifts.

The City is developing additional training (face to face) to further support employee understanding of gifts management at the City. Additional training (face to face) is expected to be implemented in the first quarter of 2026.

Recommendation 2

The City of Perth will review its gifts management framework to ensure currency and promote best practice as suggested in this report. Noting that Employee and Elected Member complaint registers will continue to be kept separately.

Response from the Town of Cambridge

The Town of Cambridge is committed to continuous improvement and has welcomed the opportunity to participate in the OAG’s management of gifts and benefits performance audit. The Town acknowledges the overall findings and recommendations and supports the better practice guide.

The Town has maintained strong internal controls in relation to the acceptance of gifts and benefits. In addition, our outward facing Statement of Business Ethics clearly establishes the Town’s expectations in relation to the conduct of business with the Town, including not offering gifts.

The Town will look to incorporate the better practice system of controls detailed in the report as part of a future review of the Town’s policy and procedures in relation to the acceptance of gifts and benefits.

Response from the Department of Local Government, Industry Regulation and Safety

Recommendations 3 and 4

Suggested legislative reform would need to be considered as part of the larger reform program and would be subject to stakeholder consultation and decisions of Government.

LGIRS acknowledges the Auditor General's observation and supports the need for clear and practical guidance to assist local governments in managing integrity risks.

Our current guidance is directed at council members and CEOs, as they are explicitly covered by the regulations. Gift disclosure and reporting requirements for local government employees that are not CEOs should be included in each individual local government employee code of conduct. LGIRS recognises that additional guidance may assist local governments in supporting staff to meet the requirements of their codes of conduct.

The Local Government Regulatory Approach outlines LGIRS' commitment to fostering best practice and supporting compliance across the sector. Consistent with this approach, LGIRS issued a Local Government Alert – Guidance on managing gifts, benefits and hospitality on 4 September 2025, encouraging all local governments to review their codes of conduct and consider additional policies. LGIRS will continue to engage with the Western Australian Local Government Association and the Local Government Professionals WA to review its guidance materials and to explore opportunities for further sector support, including joint training initiatives by 31 December 2026.

LGIRS notes that the Local Government Inspector formally commenced on 1 January 2026. This represents a significant change in the State Government's regulatory approach for the local government sector, and accordingly, the Local Government Inspector will play a central role in shaping the future compliance framework and approach to proactive monitoring. LGIRS will liaise with the Local Government Inspector to hand over this recommendation for consideration as part of the Inspector's compliance monitoring plan. LGIRS will also engage with the Inspector regularly to assist with monitoring.

Audit focus and scope

This audit was conducted with an initial review of published gifts and benefits registers from all 147 entities with results informing our more in-depth work at six metropolitan entities.

The objective of this audit was to assess whether entities effectively manage gifts and benefits.

We based our audit on the following criteria:

- Are entities complying with their gifts and benefits policies and procedures?
- Are entities recording all offers of gifts and benefits?
- Are entities' decisions for accepting or declining gifts and benefits appropriate?
- Are entities recording and managing all conflicts of interests in relation to gifts and benefits?
- Is LGIRS actively monitoring compliance with the regulations and providing adequate guidance to entities?

The audit reviewed gifts and benefits registers and the recording and management of conflict of interests at each audited entity over the period 1 July 2019 to 30 June 2024.

We assessed each entity's policies and procedures against legislative requirements, LGIRS' operational guidelines and our better practice guidance in Appendix 1. At each entity, we also:

- reviewed policies, procedures and processes relating to gifts and benefits
- examined records and processes for monitoring conflicts of interest
- reviewed all entity / regional council entities' gifts and benefits register for council members, CEO and council
- conducted e-discovery procedures on the email correspondence of selected key decision makers for undeclared gifts and benefits to test the completeness of gift and benefit declarations
- e-discovery procedures used defined terms of common offers of gifts and benefits we identified through our initial review of published gifts and benefits registers of all entities. Our results are restricted to these terms meaning not all offers of gifts and benefits to selected risk positions can be identified
- where e-discovery procedures identified offers of gifts and benefits, these have been assessed by entities. They have updated their registers to record and make transparent gift offers that have been accepted and notified external entities where compliance obligations were not met
- reviewed tender and procurement contracts
- met with key staff from governance, procurement, contracts and finance areas.

We did not assess electoral gifts as they fall under different rules and regulations and are only relevant for a specific period (during elections).

It is outside the scope of this audit and our remit under the *Auditor General Act 2006* to, and we did not, conduct any investigation of:

- the conduct of any individual member of staff in accepting gifts or benefits or the appropriateness of each individual decision to accept a gift or benefit
- the appropriateness of decisions made by staff after accepting gifts or benefits
- the conduct of any commercial supplier; or
- whether there was any direct or deliberate attempt to influence any particular procurement by offering gifts or benefits to entity staff or seek to identify any direct inappropriate influence on any specific procurement.

As this was our first audit into gifts and benefits for local government entities, we are not naming individuals and have relied on the sampled entities to update their gift registers and report non-compliance appropriately. However, we may change this position in future audits if we again find instances where gifts and benefits are accepted, but not disclosed.

This was an independent performance audit, conducted under section 18 of the *Auditor General Act 2006*, in accordance with Australian Standard on Assurance Engagements ASAE 3500 *Performance Engagements*. We complied with the independence and other ethical requirements related to assurance engagements. Performance audits focus primarily on the effective management and operations of entity programs and activities. The approximate cost of undertaking the audit and reporting was $690,000.

Appendix 1: Form 4 – Register of gifts

Local Government Act 1995

Local Government (Administration) Regulations 1996

REGISTER OF GIFTS

Name of person making disclosure	Description of gift	Name and address of person who made gift	Date gift was received	Estimated value of gift at time it was made	Nature of relationship between person who made gift and person who received gift	For a gift that is a travel contribution — description and date of travel	For an excluded gift under s. 5.62(1B)(a) — the date of the approval referred to in s. 5.62(1B)(a)(ii) and the reasons for the approval

Source: Local Government (Administration) Regulations 1996

Form 4 – Register of gifts within the Regulations to be used by entities to manage risks associated with the receipt of gifts and benefits highlighted weaknesses.

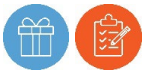
Appendix 2: Gifts and benefits better practice guidance

Entities need to have gifts and benefits policies and procedures that are up-to-date and accessible to staff. These policies and procedures should include key controls for the declaration of gifts and benefits, the management of conflict of interests created from accepting gifts and benefits and regular review and monitoring.

The table lists the key elements of a system of controls for effective gifts and benefits management, which guided our audit.

Key elements / Framework component[14]	Outcome	What we expect to see
Policies and procedures	Comprehensive, approved and up-to-date policies and procedures to provide all local government staff with guidance on their obligations	• clear and easy to understand policy and procedures that detail prohibited gifts • code of conduct signed at start of employment and annually thereafter • clear and specific definitions of gifts and benefits to aid in decision-making and limit ambiguity, providing examples relevant to entity operations • set out overarching entity expectations reinforcing policy, procedures and code of conduct messages • management of gifts and benefits considered in the context of ethical conduct, impartiality, honesty, transparency and accountability • evidence of periodic review.
Declaration of all gifts and benefits	Consistent expectations	• all gifts and benefits are declared regardless of value or acceptance • standardised declaration forms, ensuring consistency of information recorded and decision-making process • consider whether the receipt of gifts and benefits results in a conflict of interest that needs to be identified and managed • gift registers should detail where there are nil returns to ensure they provide transparency and date of update of registers should be evident
Making appropriate decisions	Clear decision-making framework	• to minimise risk, the entity's policy position should be communicated to stakeholders, suppliers and clients – his could include sharing the statement of business ethics • guidance to aid staff with decision-making and when the acceptance of gifts may be considered appropriate • guidance be clear in setting out processes for avoiding and managing conflicts of interest to

[14] Refer to Figure 1 Key components of a gifts and benefits framework

Key elements / Framework component[14]	Outcome	What we expect to see
		consider who benefits from the acceptance of the gift or benefit • decisions be based on risk assessment that consider potential, perceived and actual conflicts of interest • provide clear guidance on declaring conflicts of interest, managing (with documented mitigation strategies) and reviewing these • guidance to support staff in declining gifts and benefits.
Training and education 	Training to increase awareness of impartiality, integrity and conduct expectations	• regular codes of conduct, fraud awareness and integrity training (yearly) • regular reminders to council members, CEO and staff to make sure there is awareness and understanding of compliance obligations • advanced integrity training for staff in areas identified as high risk of influence (e.g. procurement, recruitment, finance, binding decision makers).
Oversight	Regular monitoring and reporting to provide management with insights into use and the effectiveness of controls, and to address shortcomings in a timely manner Identification of patterns, areas of increased risk Evidence of reviews should be retained	• reports from monitoring and reviews made available to leadership and audit committee periodically • all accepted and declined gifts or benefits reported to a central member of management to allow for effective oversight • monitor for repeat offers and cumulative value as these may flag risk where there is an intention to influence decisions that require further scrutiny, as well as monitor acceptance of repeat token gifts that may otherwise go undetected.

Key components of a gifts and benefit framework

Identify and record gifts and benefits

Identify and manage conflicts of interest

Use information to monitor and oversee risk

Source: OAG

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Auditor General's 2025-26 reports

Number	Title	Date tabled
11	Local Government Management of Gifts and Benefits	18 March 2026
10	Controls Over Portable Assets – State Entities	6 March 2026
9	Microsoft 365 Security Controls – State Entities	6 March 2026
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

Office of the Auditor General
for Western Australia

7th Floor Albert Facey House
469 Wellington Street, Perth

T: 08 6557 7500
E: info@audit.wa.gov.au

www.audit.wa.gov.au

@OAG_WA

Office of the Auditor General
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15 REPORTS FROM AUDITORS

16 LATE AND URGENT BUSINESS ITEMS

17 CONFIDENTIAL ITEMS

17.1 Work Health and Safety Performance Review 2025/2026

17.2 Systems Internal Audit - Red Team Exercise

17.3 Strategic Internal Audit Monitoring Report Quarter Two and Quarter Three 2025/26

17.4 Annual Strategic Risk Assessment and Quarterly Reporting

Attachments

Council Risk Management Policy (tracked changes) [17.4.3 - 5 pages]

Risk Management Policy
POL-RKM 01

Introduction

~~As a public authority, the~~The City of Mandurah (the City) is exposed to a broad range of risks which, if not managed, could adversely impact on its ability to achieve the strategic community objectives.

Therefore, the City has implemented a risk management system encompassing a Risk Management Framework, this Policy and a Risk Management Procedure to identify and address, where practicable, areas of risk within the City. The system adopted is consistent with *Australian and New Zealand Standard ISO 31000:2018 Risk Management Guidelines* (the Standard).

The intent of this Policy is to ~~create an environment where Council, management and all other employees accept direct responsibility for risk management,~~embed risk management practices into the City's culture and decision making process to contributes to the achievement of the strategic community objectives. ~~through development, implementation and improvement of effective risk management practices~~. Risk management is the responsibility of everyone and is treated as an integral part of the City's culture, policies, protocols and processes.

Objectives

The objectives of risk management and this Policy are:

- ***Protection:*** to safeguard the City's assets - people, financial sustainability, environment, property, reputation and information;
- ***Improved quality:*** to use risk management principles as a tool for improving the reliability, effectiveness and efficiency of services and infrastructure to a consistently high standard;
- ***Increase success:*** to strengthen financial and non-financial outcomes by using risk assessments to make better informed decisions and clearly articulate what is achievable;
- ***Minimise adverse impacts:*** to undertake effective management of risks in order to prevent loss, damage and minimise harm from the City's services and infrastructure on the community, visitors and the environment; and
- ***Opportunity and innovation:*** to capitalise on opportunities identified, foster creativity and facilitate innovation for future success within a sound environment.

Statement

1 APPLICABILITY

This Policy applies to all risk management activities undertaken by City the ~~officers~~ Workers (including employees, whether permanent or casual, contractors and volunteers), ~~volunteers, appointed representatives and where applicable, contractors.~~ Elected Members and Committee Members. Risk management is not a stand-alone function separate from the main activities and processes of the organisation.

2 POLICY REQUIREMENTS

2.1 The City will manage risk in accordance with the Standard, and will, at all levels of the organisation, ensure the following is achieved:

Risk Management Policy
POL-RKM 01

CITY OF MANDURAH

- Design and implement a Risk Management Framework that is consistent with the Standard to provide a common approach to all risk management activities across the City;
- Identify, assess and prioritise the strategic risks for each objective stated in the *City of Mandurah Strategic Community Plan* and ensure risk treatments are progressively implemented based on the level of risk and the effectiveness of the current controls;
- Manage all identified risks and undertake regular review of all identified risks;
- Integrate risk management processes into existing business planning cycles and operational processes across all levels of the organisation;
- Act in accordance with relevant legislation and consider political, social, natural and economic environments when managing risks;
- Create, implement and actively promote a culture of risk awareness across the City ~~through implementation, expectation and equipping employees~~ and provide best practice ~~with~~ risk management tools for individual and organisational development; and
- Ensure resources and operational capabilities are identified and allocated to all aspects of the City's Risk Management Framework.

2.2 All levels of the City shall incorporate the following principles of Risk Management. These principles are the City's commitment to create, value and foster effective and efficient risk management practices.

The City's risk management approach is:

A. ***integrated*** into all management planning and operational processes undertaken or overseen by The City;

B. ***structured and comprehensive*** approach that is applied to ensure risk management processes are systematic and timely;

C. ***customised*** to fit seamlessly within the City's diverse strategic, operational and project-based activities and in proportion to the external and internal context in which the City operates;

D. ***inclusive*** of internal and external stakeholder's knowledge, views and perceptions for transparency and better-informed decision-making;

E. ***dynamic***, ***current*** and ***responsive*** to anticipate and manage change in a meaningful and timely manner;

F. based on the ***best available information*** considering historical, current and future expectations as would be reasonably foreseeable;

G. the ***responsibility of all***, from Council to the CEO to every ~~employee~~Worker, forming an essential element in the City's 'One Team' culture; and

H. ***continually improved*** and monitored to ensure alignment with best practice.

2.3 The City will use the following elements of the Standard as the model for implementing and managing the risk management process within the City's business operations:

Risk Management Policy
POL-RKM 01

CITY OF MANDURAH

- **General**

  The City will ensure the risk management process becomes an integral part of management, embedded in the culture and practices, and tailored to its business processes.

- **Communication and consultation**

  The City will communicate and consult with external and internal stakeholders as appropriate during all stages of the risk management process and will address issues relating to the risk - its causes, its consequences (if known) and the measures being taken to treat it. This process will ensure accountability on the part of those implementing the risk management process.

- **Establish the scope, context and criteria**

  By establishing the context, the City will articulate its risk objectives, consider the external and internal parameters, set the scope and criteria for the risk management process. This will be undertaken in full consideration of the need to justify the resources required for carrying out risk management.

- **Risk identification**

  The City will identify sources of risk, areas of impacts, events (including changes in circumstances) and their causes and potential consequences. The aim of this step is to generate a comprehensive list of risks based on those events that may create, enhance, prevent, degrade, accelerate or delay the achievement of the City's objectives.

- **Risk analysis**

  The City will identify causes and sources of risk, the positive and negative consequences, and the likelihood of those consequences occurring. Existing controls, their effectiveness and efficiency, will also be considered. The analysis will identify the inherent risk level and residual risk level once controls and treatments have been applied.

- **Risk evaluation**

  The City will compare the level of risk with the established context and criteria for the risk. Risk controls and treatment will then be considered. Such decisions will take into account the wider context including the risk tolerance thresholds of internal and external stakeholders that may be impacted by the risk. Decisions will be made in accordance with any legal requirements and obligations the City may have.

- **Risk treatment**

  The City will select the most appropriate and viable risk treatment option taking into consideration a number of factors including, the costs, expected benefit, legal obligations, economic viability, environment, social responsibilities and economic factors. Risk treatments will maintain the City's risk exposure within Council's risk appetite thresholds. Any risks that exceed the residual risk level acceptable threshold will be reported to the CEO and Council for input and sign-off.

Risk Management Policy
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- **Monitoring and review**

  The City will implement and integrate a 'monitor and review' process to report on achievements of the risk management objectives. Treatment and action plans will also be monitored to ensure continual improvement of the City's performance. Monitoring and review will take place at all stages of the process and in compliance with legislative requirements.

- **Recording and reporting**

  The City will ensure all risk management activities are accurately recorded and traceable. Results of the monitoring and review processes will be reported as appropriate through external and internal avenues including, but not limited to, quarterly reports to the Audit, ~~and~~ Risk and Improvement Committee and an annual report to Council. Reports will be used to assess and review the effectiveness of the risk management framework and identify specific areas of need.

- **Responsibility/Accountability**

  The Chief Executive Officer is responsible for the allocation of roles, responsibilities and accountabilities. These are outlined in the Risk Management Framework and detailed in the Risk Management Procedure.

  Risk management is everyone's responsibility:

  - All ~~employees~~ Workers are accountable for managing risk within their area of responsibility in accordance with the Risk Management Framework.
  - The Audit, ~~and~~ Risk and Improvement Committee, in accordance with the Terms of Reference, is to monitor and receive reports concerning the ~~development and~~ implementation and improvement of the Risk Management Framework and supports Council in fulfilling its governance and risk management oversight responsibilities.
  - The Executive Leadership and Management Team create an environment where managing risk is accepted as the personal responsibility of each member of the organisation and integrated with planning and operational processes.
  - Each Business ~~Area~~ Unit is accountable for the management of risks within their area of responsibility in ways that are consistent with the Risk Management Framework. This includes project related risks.

Legislative Context

Local Government Act 1995
Local Government (Audit) Regulations 1996
Work Health and Safety Act 2020
Work Health and Safety (General) Regulations 2022

Related Documents

AS ISO 31000:2018 – *Risk Management – Guidelines*
City of Mandurah Risk Management Framework FRW-RKM 02
City of Mandurah Audit, ~~and~~ Risk and Improvement Committee Terms of Reference

Risk Management Policy
POL-RKM 01

City of Mandurah Strategic Community Plan
Strategic Risk Appetite Statement POL-RKM 01 (a) - confidential

Responsible Directorate: Business Services

Responsible Department: Governance and Commercial Services

Reviewer: Director Business Services

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Amendments			
Version #	**Council Approval Date, Reference**	**Date Document In force**	**Date Document Ceased**
2	Minute G.15/9/09	16/09/2009	15/12/2009
3	Minute G.43/12/09	16/12/2009	24/02/2015
4	Minute G.35/2/15	25/02/2015	23/07/2019
5	Policy Manual Review, Minute G.12/7/19	24/07/2019	23/06/2020
6	Minute G.11/6/20	24/06/2020	19/04/2023
7	Minute G.4/4/23	19/04/2023	
8	Minute GXXXXXX		

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