

Report to Minister

Town of Bassendean External Audit Findings for June 2017-2018

This report is completed in line with Section 7.12A (4)(a) of the *Local Government Act 1995*. Macri Partners completed an independent audit of the Town of Bassendean's Annual Financial Report for 2017-2018. Council received the resulting unqualified independent auditor's report on 27 November 2018.

Significant Adverse Trends Reported

It was reported by Macri Partners that in accordance with Local Government (Audit) Regulations 1996, the reported financial position of the Town of Bassendean indicated significant adverse trends. This related to the Asset Sustainability Ratio and the Operating Surplus Ratio being below the Department of Local Government, Sport and Cultural Industries standard for the past three years.

Action Plan

The Town of Bassendean has identified a need to increase its own source revenue and decrease operating expenditure, and to direct additional available funds toward asset renewal and replacement spending.

The Town of Bassendean has included significant expenditure in its budget for 2019-2020 for capital upgrades to Town assets. Consequently, budgeted expenditure for 2019-2020 for capital asset renewal and replacement is relatively low. However, the Town of Bassendean will continue to identify funding opportunities for further capital renewal and replacement in future years.

The Town of Bassendean will review its fair value asset measurement and depreciation rates during 2019-2020.

The Town of Bassendean will introduce differential rating in its 2019-2020 budget, which is estimated to increase rates revenue by 0.7 per cent.

The Town of Bassendean will explore further sources of own source revenue as part of its long-term financial planning and intends to review its costing and pricing framework during 2019-2020 to assist with expenditure management.

It is quite possible, however, that the ratios will remain at levels below the standard in the short-to-medium-term, due to cost pressures and limited revenue resources.