



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 City of Mandurah

To the Councillors of the City of Mandurah

Opinion

I have audited the financial report of the City of Mandurah (City) which comprises:

- the Statement of Financial Position at 30 June 2022, and the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended.
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial report:

- is based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the City for the year ended 30 June 2022 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for qualified opinion

As detailed in Notes 8 and 9 to the financial report, at 30 June 2022 the total carrying value of the City's property plant and equipment assets was \$272.2 million and infrastructure assets was \$761.9 million. For property, plant and equipment and infrastructure recorded at fair value, any movements are recognised in revaluation surplus, the balance of which was \$808.7 million at 30 June 2022. For the year ended 30 June 2022, the City recognised a depreciation expense of \$32.4 million and changes in the asset revaluation surplus of \$97.0 million in relation to these assets in the Statement of Comprehensive Income by Nature or Type.

Management have indicated that there are gaps in their control processes and they are not confident with the overall completeness of their fixed asset register at 30 June 2022.

Consequently, I was unable to obtain sufficient appropriate audit evidence that all property, plant and equipment and infrastructure had been recorded and valued nor could I confirm this by alternative means. I am therefore unable to determine whether any adjustments to property, plant and equipment, infrastructure, revaluation surplus, depreciation expense and changes in asset revaluation surplus were necessary.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparing and the Council for overseeing, the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer of the City is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the City's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the City.

The Council is responsible for overseeing the City's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the City of Mandurah for the year ended 30 June 2022 included in the annual report on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the City to confirm the information contained in the website version.

Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
18 April 2023