

IMPROVING LOCAL GOVERNMENT ACCOUNTABILITY REPORT — SHIRE OF MANJIMUP

132. Hon Dr Steve Thomas to the Leader of the House representing the Minister for Local Government:

I refer to the November 2015 Public Accounts Committee Report entitled, *Improving Local Government Accountability*, where on page 39 it refers to the Shire of Manjimup being in the “HIGH RISK” section of the 2014–15 Risk Profile Results and on the same page notes that “the Shire of Manjimup is in the process of a follow-up audit at the direction of the Minister”, and I ask:

- (a) why was the Shire of Manjimup placed in the HIGH RISK category in the 2014–15 Risk Profile Results;
- (b) was the follow-up audit directed by the Minister completed;
- (c) what was the result of this follow-up audit;
- (d) will the Minister release the follow-up audit; and
- (e) given that the Department of Local Government, Sport and Cultural Industries has on its MyCouncil website a 2015–16 Financial Health Indicator (FHI) for the Shire of Manjimup of 17 out of a possible 100, and given that the same site report that “an FHI result of 70 and above indicates sound financial health” and that the state average is 62, did the financial risk alter at the Shire of Manjimup from 2014–15 to 2015–16?

**Hon Sue Ellery replied:**

- (a) The Shire of Manjimup did not achieve four or more of the seven financial/asset sustainability ratios and was identified as having financial management/audit issues.
- (b) Yes.
- (c) The auditor advised that he did not believe there was any material error, deficiency or misstatement in the accounts and annual financial report which had contributed to the Shire’s reported operating losses. He also advised strategies the Shire may consider to ensure it is sustainable into the future.
- (d) The member should request the document from the Shire directly.
- (e) The financial risk at the Shire was considered to have increased between 2014–15 and 2015–16, as indicated by a decrease in its Financial Health Indicator score from 59 to 33. This was due to the Shire failing to report an asset ratio it had previously been reporting, plus other ratios showing deterioration when compared to the prior year.

It should be noted that the 2015–16 figure the member quoted was found to be inaccurate due to funding that had been improperly reported by the Shire. This figure was updated in July 2017.