

Report to Minister for Local Government



SHIRE OF GOOMALLING
19TH April 2020
Peter Bentley
Chief Executive Officer



Introduction

Through the Auditor General's audit of the Shire of Goomalling this year, a number of matters were raised with the CEO and the Council that were of varied significance. Some items were deemed to be significant while others were rated at a lower level. I have provided detailed responses to the matters that were deemed to be significant by the Auditor General.

The Council is required by the Local Government Act to address these matters, to make a report to the Minister for Local Government and to publish the report on its website for the information of residents and ratepayers. It should be noted that these matters have largely been dealt with now with only two matters to be finalized.

This document is the report to the Minister and it will address some of the overhanging issues of the past as well as dealing with the current matters at hand. This document highlights the need for change within the Shire of Goomalling but also seeks to make the reader aware of the resources available to tackle the problems and what improvements have already taken place.

The resourcing available is not a perfect fit for the change required, and the Council is aware of its position, how it got here and is working hard to rectify the problems to set up a sustainable future for the operation, but also for the wider population.

The solutions will not be rapid, they will be achieved with discipline, hard work and a pragmatic view to budget repair and compliance with legislation. We are progressing along this path with many significant changes already and as time passes the community will notice more and more change for the better.

There is a need to look at the last two management letters in tandem, the issues raised and the responses made and to also recognize the changes implemented so far. The 2018 management letter response highlighted a number of issues for the Council to deal with regard to management practices, asset planning and financial management and generally the information management and provision to the Council and community. In 2018 the Council recruited a replacement for its long serving CEO to implement change.



2018 Financial Year

During the 2017/18 financial year audit a number of matters were highlighted by the CEO with regard to financial sustainability prior to the completion of the audit. Largely, this was represented by high debt levels, poor asset quality and a budget that had a further \$0.5M to be added to our debt. The adverse financial trend highlighted within the ratios that form a part of our Annual Financial Report only served to re-confirm the reports that the CEO had made to the Council already.

As the CEO I undertook a detailed analysis of the Councils processes, procedures, debt management, financial reporting, budget formats, IPRF documents, asset maintenance and management strategies, staffing and structure and stakeholder and expectation management.

This was reported to the Council in October 2018 and that information formed part of the response to the 2018 Management Letter and outlined the financial position of the operation in some detail. I took the extraordinary step of providing an extremely detailed response to the 2018 Management Letter to highlight Councils recognition of its position and some of the plans to rectify its situation.

Following is the 2018 Management Letter Response to the adverse financial trend.

Management Comment

I am making these comments more as an observer and the officer who will be charged with overcoming the adverse finding regarding the Council's financial trend as I was not the responsible officer during the term of this audit. The comments I have made are my professional opinion of the events of the 2018 Financial Year and prior years.

Having commenced here in September of 2018 I had very limited knowledge of the previous record of the Shire of Goomalling's financial performance. Through the interview process for the role I became aware of the less than favourable financial position of the Shire. On arrival in September 2018 I undertook a rigorous analysis of the Shire's current position in as many areas as was possible. In October of 2018 I advised the Council of its current position with regard to a number of issues after having made a detailed assessment and found;

- *Poor plant maintenance and replacement strategy,*
- *Poor housing maintenance and upgrade strategy,*
- *Poor public building maintenance and long-term strategy,*
- *Poor road maintenance planning,*
- *Poor budgeting processes,*
- *Poor future planning processes,*
- *Poor workforce planning,*
- *Excessive use of debt to finance community projects,*
- *Interest only loan to fund operating overdraft,*
- *Unrealistic asset values for sale of housing to retire debt*

These items were the most pressing at the time of the report for Council and I will dedicate a paragraph to each in turn.



Plant

There was no adequate planning for the replacement of plant or the ongoing maintenance of equipment and vehicles. Processes for the monitoring of performance, optimising hold times and disposal and planned replacement were largely non-existent. The state of the majority of plant is considered poor and the management of small tools and other equipment has much to be desired as well.

Housing Maintenance

The state of much of Council's housing stock is poor. Since arriving here, I have had to condemn two Council owned houses which has been due to poor maintenance practices. The focus in the past has been about building new infrastructure rather than proper maintenance of the assets already owned. Consequently, the housing assets that have been listed for sale would not realise any meaningful income given the poor condition of the buildings. The values assigned would be high even given that they were in good condition.

Public Building Maintenance

Once again, the maintenance of public buildings has been poor over many years. Priority has been given to acquiring new sporting facilities, aged persons units and similar new infrastructure without paying attention to assets such as the town hall, the administration building, the Community Resource Centre and other buildings in need of repair. Neither is there a strategy for determining which buildings would be classed as critical infrastructure and those which Council will no longer maintain. There is no maintenance forward planning.

Road Maintenance

This is a more greyish area as there is some evidence of maintenance activity however, the maintenance seems to be haphazard, not particularly well planned and token in nature. As with other areas of maintenance there does not seem to be a plan as to the best strategies for maintaining the network, no ongoing plan for main feeder roads or school bus routes and a centralised decision making process where nothing could be done unless the CEO

determined that it was necessary. This was highlighted to me on arrival when I asked the Works Supervisor for a rundown on what the road program for the next six months was, and he replied that he thought that I would be providing him with that information. The same could be said over the entire operation.

Budgeting Processes

The budgets provided to Council in the past have been very "helicopter view", by this I mean summarised to a point where it becomes difficult for Councillors and other staff to understand exactly what may be the main focus areas of the document. It is my belief that this has been the case to ensure that the previous CEO had a certain flexibility to make the budget fit the outcomes rather than the outcomes being derived from the budget. This is only speculation on my part however the current Council seemed to have little true knowledge as to what the budget contained and certainly little intricate knowledge of what works would be undertaken during the course of the current year. It would seem that this has been the norm rather than the exception during past years.



Future Planning

While I am not a big fan of the form of the current IPRF I am a wrap for longer term planning. For small communities I believe that five year time frames are good for integrated planning and that longer term asset maintenance/management plans should be a part of normal operations.

The Shire has an asset management plan, corporate business plan, community strategic plan and other planning documents however I am of the opinion that these have been produced in more of a box ticking mindset rather than a serious attempt to make a long-term plan for the community. Once again this is my professional opinion rather than a statement of fact.

Workforce Planning

While the workforce plan looks to be a reasonable document it doesn't represent the true manner in which employees are hired and doesn't represent the true nature of the workforce. The Council has access to the Prisoner Work Camp system where Councils workforce is augmented with prisoner labour. This eventually leads to the Paid Employment Program where prisoners are paid a basic wage to work prior to release and historically has led to proper paid employment for some prisoners, once again at very low rates of pay.

It is a bonus having access to unskilled and semi-skilled labour however this has masked a couple of underlying issues which are the reliance on free labour from the Work Camp masking underlying skills shortages, use of this

labour to keep wages of staff to an absolute minimum which has led to disillusioned staff and a poor culture which is reflected in poor work practices, poor care and maintenance of machinery, an indifferent attitude to safety and a willingness to accept poor quality work because it appears that management does not care for its staff. Work Camp labour also masks the need for staff housing given that these employees live at the camp.

Debt, Overdraft, Valuations

Council has made some poor decisions over the years which has led to some great new facilities but this has come at the cost of high debt levels, losses on property development and management valuations of assets being escalated to give the impression of a reasonable ability to asset sale away the financial issues now facing the Shire.

To be fair to the Council, the initial business cases formulated for the subdivision development were very favourable, however the business case was created internally and it would not appear to have been externally reviewed by a market operator. The project was undertaken at the time just prior to the Global Financial Crisis and the ensuing market corrections left the Council highly exposed to the weak real estate markets at that time. Council's financial position never recovered from this investment decision. Council maintains an interest only loan which currently stands at \$945,000.00 which reflects the overdraft associated with that decision and other projects undertaken around that time.

Inflated anecdotal valuations of the various properties that the previous CEO had earmarked for sale are unrealistic, particularly in a market where reasonable housing within the town is not selling. Given that all of those properties are not in a



fair and reasonable condition, it is unrealistic to expect that these properties will sell for anything better than a fire sale price, if at all, without proper renovation. These properties would not realise sufficient income to retire the full overdraft loan and some of those houses are required for future staff housing.

Council also used Bendigo Bank for all of its debt financing where it would have been more favourable to use WA Treasury Corporation. While there were wider community benefits to using the local bank, often this saw as much as a 2% – 3% premium on this finance option.

The need to use this level of debt would likely have come from not managing expectations in a proper way or from an unrealistic view as to how much debt can be carried by the organisation. It may also have come from unrealistic advice from management which is what I suspect. Council can sustain the repayments required to service its debt levels however it severely restricts the ability to deal with other quite pressing maintenance issues which are arising currently. By 2023 the debt repayment levels reduce to around \$350K which will be far more manageable, however until then maintenance will be a low priority given the financial position at present.

General

The following comment is a general overview of some of the other issues that the Council is facing.

There are other matters such as the on-going viability of the sewerage system, proper maintenance of the water treatment plant and reticulation systems, poor management of town streets and street trees, water catchments for dam water capture not maintained and the dams themselves suffering from little maintenance, water pipeline maintenance, penny pinching maintenance practices on buildings and plant, hiding debt in leasing arrangements, no proper management of commercial and housing tenancy arrangements, no proper management of club facility arrangements or leases and an adversarial management view of any change brought by the State or the Department.

While all of the decisions have been made by the Council I believe that in a number of cases that it was poor advice from management or misrepresentation of the true financial position as positive rather than the adverse findings that this audit represents and an unrealistic management view that the financial state of the Council was good because of the value of its assets which of course includes many unrealizable assets.

Additionally, poor asset maintenance practices coupled with a desire to be seen as proactive and a creator of facility has perhaps also contributed to management view that was unrealistic. I have no suspicions at this stage that there was any malicious or criminal intent in the manner in which the financial position was portrayed to the Council.

The Way Forward

Having said all of the above I believe that the intent was genuine and generally that the management practices were what they were in trying to meet the expectations of the community however some aspects of good management suffered in trying to meet these elevated expectations.



As part of my recruitment process much was made about financial sustainability and the desire for a much greater accountability for the Council and senior management to work under and greater accountability to the ratepayers of Goomalling. The process was rigorous and Council and I

have agreed on some significant changes to management practices, budgeting methodologies and financial management to ensure a sustainable future.

- *Council has agreed to renegotiate its loan portfolio to even out repayments at a sustainable level and to incorporate the interest only loan into the mix.*
- *Council has agreed to take this refinancing to the open market to obtain the most favourable interest rate outcomes.*
- *Council has agreed to a new budget methodology which will include the following detailed documents;*
 - *10 Year detailed Road Program*
 - *10 Year detailed Public Building Maintenance Plan*
 - *10 Year detailed Residential Building Maintenance Plan*
 - *Detailed Loan Repayment Schedule*
 - *5 Year detailed Parks and Gardens Forecasting*
 - *Detailed Capital Works Schedule*
 - *20 Year Plant Replacement Plan*
 - *Detailed Reserves Schedule*
 - *5 Year detailed Budget (Medium term financial plan and or CBP)*
 - *Other statutory schedules as required.*
- *Council will as part of its budgeting process undertake reasonable building maintenance to upgrade all buildings to contemporary standards in a planned way for both public buildings and residential housing*
- *Council will complete a strategy on asset management identifying which buildings are of importance and should be actively maintained and which should be brought only to a minimum standard. In addition, Council will formulate a strategy on what buildings can be sold, demolished or disposed in some other way to minimise maintenance and maximise returns to improve the Council's financial position.*
- *Council will exercise restraint in future borrowings given that it is carrying significant levels of debt now and into the future.*
- *Councillors will have a greater ability to scrutinise the financial position of the Council through a significantly more detailed budgeting and reporting structure through a wholesale change to the accounting structures and chart of accounts.*
- *The Council is committed to turning around this financial trend and is mindful that it will be longer term project to complete the process fully.*

There is an appetite within the Council for wholesale change and for a modernisation of practices and procedures to facilitate a more normal structure that empowers staff, decentralises minor decision making and ensures compliance and accountability.



Ministerial Report

With the planned changes which are already well under way and with the continued co-operation and dedication to the cause by both Council and Staff, I am sure that this trend will reverse in time but there will need to be a recognition by all parties that budget repair of this magnitude, where revenue raising capacity is limited, will take some years to significantly improve the underlying issues that have been caused by high reliance on debt.

As stated earlier, this was an extraordinarily detailed response to the management letter, however the Council's position needed to be documented, firstly so that it was known what the current situation was and how the Council found itself in that position, but also to highlight that the Council had recognized its position, understood how it got there and that there is a plan to retrieve the situation.

In March 2019 I provided further information to the community regarding the Council's debt, asset management and overall financial situations just to ensure that there was no confusion as to the challenges we faced. At that time, we were also commencing work on the new chart of accounts, budget formats and asset maintenance planning.

This resulted in Council being provided with its most detailed budget document ever, with no chance of being misled. The intent was to ensure that as an administration we would gain the trust of the Council and community again with the most transparent budgeting process possible. To the greater degree this has happened.



2019 Financial Year

The 2019 financial year saw the first audit under the Auditor General's guidance and this was undertaken by Butler Setterini. It is my understanding that prior to the Audit the previous auditors did not provide any information to the current contractor. Council provided a copy of the management letter and the associated responses as a background.

During the course of the 2018-19 financial year a number of changes were either commenced, progressed or completed. This was the initial raft of change required to move Council's practices forward and to bring new accountability to both the Council and staff. These changes included the following additions to the budget document;

- 15 Year detailed Road Program
- 10 Year detailed Public Building Maintenance Plan
- 10 Year detailed Residential Building Maintenance Plan
- Detailed Loan Repayment Schedule
- 5 Year detailed Parks and Gardens Forecasting
- Detailed Capital Works Schedule
- 20 Year Plant Replacement Plan
- Detailed Reserves Schedule
- Revised Schedule of Fees & Charges.

In addition to these changes we had reintroduced the job ledger to our financial software to improve costing and reporting of road construction and maintenance, parks and gardens and private works. There has been the introduction of detailed operating schedules for all operating expenditure down to IE code level, there is currently a review of the Long-term Financial plan underway and the Asset Management Plan, taking into consideration the maintenance schedules mentioned above. Council also stopped rating its own properties as had been the practice for some years.

There has been a restructuring of works staff, the recruitment of a dedicated Works Manager, a review of internal staffing and roles and a reassessment of all processes and procedures and a review of all financial management and risk management.

At the conclusion of the Audit the management letter was provided to the CEO and the table of matters to be dealt with was as follows;



INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
Current year findings:			
1. Rates on Shire owned property	✓		
2. Procurement Policy	✓		
3. Employment Contracts	✓		
4. Asset Renewal Funding Ratio	✓		
5. Delegations Register	✓		
6. Financial Management Review	✓		
7. CEO's review of systems and procedures	✓		
	Not Commenced	In Progress	Complete

1. Rates on Shire owned property

Finding:

During our audit we found the Shire raises rates invoices for land and property owned by the Shire and then pays the rates invoice by issuing a cheque to the Shire. Rates invoices raised on these properties during the current year amounted to \$110,139.91 and during the prior year \$112,402.93.

Response:

The practice was the policy of the previous CEO has since ceased.

Rates levied in the 2019/2020 financial year do not include Council owned properties.

Update:

This matter was discussed with the Audit Leader prior to the commencement of the audit and with the various audit staff during the course of the audit.

The practice was the policy of the previous CEO and I am unaware of the Council having been previously made aware of this. I am not sure that many Councillors throughout the state would have the knowledge or understanding as to the effect of the practice or whether it was happening.

Audit staff were made aware of the practice during the course of the Audit by the CEO and were also made aware of the fact that this practice had ceased at the first opportunity following the recruitment of the replacement CEO. Audit staff requested as late as December 2019 that we reverse the entries however this would have entailed significant work by rates and accounting staff for questionable benefit.

The CEO requested that the Audit Finding acknowledge that the practice had ceased and that this may have consigned the rating to minor rather than significant given that the issue was recognised prior to the auditors being



appointed, that Council staff had already taken corrective action for future years and that the Council had been made aware of the issue well prior to the audit.

Given that this practice had changed and that the audit team is aware of the change I would be inclined to argue the risks/consequences being listed as significant is an overstatement of the current situation as at 30 June 2019. **This action was completed prior to the audit.**

2. Procurement Policy

Finding

The policy was last updated in May 2016 and the review date is May 2019. No review of the policy has taken place in May 2019.

The policy refers to quotations being required, however it does not refer to any requirement for purchase orders or for approvals limits for expenditure for key employees.

Verbal quotations are required, where practical for purchases of up to \$19,999, which is a very high level given the approval limits of purchase orders for the Financial Manager and Works Manager are \$10,000.

The delegation register requires tenders for purchases over \$100,000, however the policy states purchases over \$150,000 requires a tender.

Response

The entire policy manual is currently being re-written and it is expected that the project will be complete and new policies adopted prior to the financial year end. With regard to the tender threshold and Delegations differences, this was an oversight and the delegation should have been changed when the provisions of the Act and Regulations changed to reflect the \$150,000 tender threshold change. In addition, the Delegations Register is also being updated to a more contemporary document.

Update

The redevelopment of the Policy Manual and the Delegations continues and will hopefully be complete as stated. **This matter is ongoing although largely complete.**

2. Employment Contracts

Finding:

During our audit we found that there were no employment contracts or agreements for nine employees out of the 22 tested. There are also no employment contracts for the six employees working at the Medical Surgery.

Response:

On commencement with the Shire of Goomalling it was discovered that the CEO was the only officer who had an employment contract. Progressively this is



changing. It is expected that all staff will at least have a detailed letter of appointment prior to the end of the current financial year.

Update:

At the time of writing this report only 1 employee has no formal letter of appointment and this is due to the nature of the role. The details are currently being negotiated for a formal contract. **This matter is largely complete.**

3. Asset Renewal Funding Ratio

Finding:

The Council has not reported the Asset Renewal Funding Ratio for 2019 and the comparative years in the annual financial report as required by regulation 50(1)(c) of the Local Government (Financial Management) Regulations 1996. This is because the Asset Management Plan is an incomplete draft and Long Term Financial Plan was last updated in June 2019 and therefore the ratio would not be current and accurate.

Response:

The CEO is focussing on asset maintenance and replacement strategies rather than a technically based plan. As part of Council's annual budget process, an annually updated maintenance schedule for each of housing, public buildings, roads and a replacement strategy for plant is undertaken.

These documents are relied upon for information for the current year budget and will also flow into the 5 year detailed budgeting process which Council is hoping to commence this year. It is expected that both the LTFP and the AMP will be complete by the end of the current financial year or early in the next.

Update:

Council could have reported this ratio against the existing Asset Management Plan and Long Term Financial Plan data. The CEO is working on an updated version of the LTFP and will also endeavour to have completed an updated AMP prior to the end of the current financial year. It was the recommendation of the Audit Team that Council did not report this ratio given that the data may be out of date.

Work continues on these documents.

4. Delegations Register

Finding:

The Shire's Delegations Register was last updated and reviewed in September 2015. Local Government Act 1995 5.46 (1) and (2) requires the CEO to keep a register of the delegations made to the CEO and to employees and delegations made under the division to be reviewed at least once every financial year by the delegator.



Response

The delegations register is one of many documents requiring updating and modernising. Along with the Policy Manual, the Delegations Register will be updated prior to the end of the current financial year.

Update:

Again, work continues on the Delegations Register however it is anticipated that the revised register will be presented to the May Ordinary Meeting of Council. This will then bring the register up to date reflecting the current situation.

5. Financial Management Review

Finding:

The Local Government (Financial Management) Regulations 1996 paragraph 5(2)(c) requires the CEO to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures no less than every three financial years. We note that the last Financial Management Review took place in 2014.

Response:

While the Financial Management Review did not take place in 2017 as required by legislation, the CEO undertook an internal review of the financial management of the Shire of Goomalling in 2018 and into the 2019 calendar year. This included sustainability issues such as asset maintenance, debt management and asset replacement strategies. Council staff ceased the practices of self-rating, payments by cheque only, revised the chart of accounts, re-instigated the job ledger, created a detailed budget document and process.

Council also reviewed the internal and works staffing structures, recruited a Works Manager, made resource sharing arrangements with the Shire of Toodyay for Planning, Health and Building services and continues to change management processes and systems to improve the sustainability and reduce risk to the organisation.

While a formal document has not been created, changes to financial and risk management has been acted upon there is a commitment to continuing improvement.

Update:

While a formal single document has not been created, the recognition of the need for changes to financial and risk management has been acted upon and to some degree documented in the minuting of agenda items to Council, in the media releases to the general public and in the actions that have been undertaken already to improve sustainability and process. The CEO will continue the process of continuous improvement until satisfied that a contemporary level of financial and risk management has been achieved. **This matter will be ongoing although largely complete.**



6. CEO's review of Systems & Procedures

Finding:

The Local Government (Audit) Regulations 1996 paragraph 17 requires the CEO to undertake a review of the appropriateness and effectiveness of a local government's system and procedures in relation to risk management, internal control and legislative compliance, no less than every three financial years. We note that the last review was carried out in 2017 however this was not presented and adopted by Council.

Response:

I am unable to comment as to why this (2017) review was not presented to the Council. This matter has been dealt with.

Update:

The CEO provided the Auditor with a copy of the review conducted during the 2019/20 financial year and presented to the Council and adopted at the December 2019 Council meeting.

I would have thought that the Auditor would also highlight in the finding that this review was undertaken and presented to the Council which would have potentially reduced the rating from significant to minor given that the issue was recognized and corrective action taken by Council staff.

I would have assumed that this, like the requirement to impair assets in the current year which were valued well after the financial year end, provides a more accurate picture of the state of the organisation for anyone reading this management letter and likewise any qualifications to the audit. **The matter is now complete.**

7. Purchase Orders not issued

Finding:

According to the Shire's purchasing practice, purchases are to be preapproved by obtaining approved purchase orders. During our interim audit of expenditure we found that 14 out of the 67 transactions selected for testing did not have authorised purchase orders. Based in the information inspected we confirm that the purchases were for Council related purposes.

Response:

Council staff have been directed to provide a purchase order for works to be undertaken. I am unable to provide reasonable reasons as to why no orders were raised for the items in question. Following my own investigations, I am satisfied that the goods and services were undertaken on Councils behalf. **This matter is complete.**



Additional Comment

It is fair to say that the Shire of Goomalling still has some way to travel to come up to what I would term contemporary standards. There have been poor strategies in place regarding asset and financial management in the past. Processes and procedure have also been somewhat lacking as well.

The current Council has an appetite to bring its systems, processes and overall stewardship of the operation to a significantly better place than it has been. The Council recognises that while it may well have been led into many of the problems it is now dealing with, it has its own level of responsibility in not being fully aware of its position and what level ability it had to affect change.

The Council replaced its previous CEO after many years of service with a view to change. The CEO's role at the Shire of Goomalling is one of rebuilding trust with the community, building trust with Councillors and building a workforce that is committed to the community. These are the primary foundations to the rebuilding of this organisation.

Part of this process is the review of many documents, compliance with revaluation timetables, updating of process and policy, more astute asset management and financial management and a whole lot more. The task is daunting, even for seasoned senior staff as we have and a Council that is supportive. But resources are limited, extremely limited!

I have the opportunity to ensure that all things comply legislatively in a single financial year and in doing so reduce overall services to an absolute bare minimum. This would have the effect of gaining full legislative compliance however because services would be cut dramatically and staff lost, we would lose the trust of the community.

I can win the absolute trust of the community by pouring resources into community services and programs but this would be at the cost of compliance to the letter of the law. The Council would like me to find a happy medium where we can progressively improve our compliance while maintaining a reasonable level of service to the community. This requires compromise.

I recognise the importance of the compliance regime, whether this be registers, policy or planning documents, processes, financial or risk management and there have been a great many improvements over the past 18 months in most areas.

I would ask that the Auditor General and the Department recognise the distance that we have already travelled but also restrictions in resource that we are operating within at the moment. Within the current environment, most documents, reviews and the like must be done in house and there is only a limited number of staff with the expertise to undertake many of these tasks.



My staff have had significant change to deal with in terms of management style, management practices, financial management and a whole lot more. They have excelled under great pressure in my estimation, to a wildly different working environment. My Councillors likewise are re-learning their roles, dealing with great change too, and are being provided with more information than ever before and this too has been both exciting and taxing for them.

Both Council and I would welcome a discussion with the Department on how we can potentially find compromise with regard to future compliance, and the need to provide programs and services at a reasonable price to the community.

We are currently trying to complete a revised Long Term Financial Plan so that we can refinance our loan portfolio and this is a complex document, however this has also proved difficult as there never seems to be enough hours in the day to manage the day to day operation but also update and review all of the various documents and plans. The CEO is probably the only staff member with the expertise to complete this work so it is something of a problem. It is likely that this will see another year pass before we can refinance our loans and the current repayments are crippling, but the LTFP redevelopment was a requirement of WA Treasury before considering refinancing.

This has been our first audit under the control of the Auditor General. The role of our Auditor has not been easy here either, with the significant changes already in effect, staff are sometimes unsure, have struggled to provide the required information, been frustrated by demands or simply had significant workloads to deal with while trying to assist the audit team. At times this has likely strained the relationship I am sure, but I thank Marius, Marcia and their team for their patience and their understanding of the long and winding road that my staff, my Council and I are walking to improve our organization.

I accept the responsibility for the many issues yet to be dealt with as the CEO of the organisation, but I would also point out that in reality, I cannot change all of the past problems, philosophies and shortcomings in the space of a single year within the role. We will continue to improve, of that you can be sure.

PETER BENTLEY
CHIEF EXECUTIVE OFFICER