

Our Ref: E25/412

31 July 2025

The Hon. Hannah Beazley MLA
Minister for Local Government
Dumas House, 2 Havelock Street
WEST PERTH WA 6005

Sent by email: hannah.beazley@mp.wa.gov.au

Dear Minister

**Office of the Auditor General (OAG) – Performance Audit
Local Government Management of Purchasing Cards – Larger Metropolitan
Entities**

This letter pertains to the OAG's performance audit regarding the issue, use and cancellation of purchasing cards. It outlines the City of Subiaco's response in relation to the one matter identified as significant to the City in accordance with section 7.12(4) of the *Local Government 1995*.

Significant Matter Identified by the OAG

Inadequate policy guidance on allowable and reasonable business use.

City of Subiaco Response

The City acknowledges the OAG's finding, however disagrees that it warrants a 'significant' rating. The City has standard practises in place regarding allowable and reasonable business use of its purchasing cards, and the finding was only in relation to these not being documented. See 'Action to be Taken' at the end of this letter where it is outlined that we have now documented these practises in line with the recommendation.

As outlined in the City's response published in the OAG's audit report:

The City of Subiaco embraces continuous improvement and welcomes opportunities to improve our processes in accordance with the OAG's recommendations. The City considers the risk associated with usage of its credit cards to be low, given that there are only two credit cards, that they are only used for purchases that cannot be made by other mechanisms, and that they have low limits. Total monthly expenditure ranges between \$10k and \$20k, with expenditures typically comprising IT subscriptions, sundry items for community events, staff training and memberships, and catering for council meetings and workshops held after hours.

There are also strong controls in place given that every purchasing card transaction is scrutinized by the Finance team, the Director Corporate Services, and is reported to Council Meetings each month for the further scrutiny of every elected member and the general public. This is a much higher bar of transparency than provided by state government agencies. General staff using the two shared credit cards do not have access to the card details, and can only make payments following a supervisor's authorisation, providing a 'gate' control which arguably reduces the risk compared to organisations that allocate cards to every staff member with a purchasing need. All purchases are made in accordance with budgetary constraints and are subject to the same Purchasing policy and protocols as every other transaction in the City.

Given the controls in place, it seems unlikely that the risks are significant in nature. For perspective, we stress that the City's annual purchasing card expenditure is less than \$200,000 across the wide range of expenses that arise day to day; by far the lowest of those local governments who were audited.

In comment, the City's experience was the audit process was professionally conducted overall. However, we have concerns regarding the manner in which the findings have been publicly communicated. It seems there has been a 'headline-grabbing' approach which diminishes public trust; and the crucial conclusion – that there was no finding of misuse of public funds – has been obscured.

As noted in the City's formal response to the OAG's Emerging Findings letter, examples of expenditure have been highlighted subjectively and without adequate context. This subjectivity and missing context has carried through into the subsequent discourse; for example:

- Elected members and senior staff are required to attend various meetings, briefings, workshops and events most weeks of the year, and predominantly after hours. The provision of catering in such instances is reasonable practise in any professional setting; yet the OAG findings (and/or related media reporting) seem to have invited an inference that local governments may be acting unreasonably.
- The Auditor General publicly acknowledged, during an interview with the ABC, that it is reasonable for elected members to have a glass of wine following a late meeting. However, the OAG in its report queried if bulk purchases of beer and wine for that purpose were reasonable. With respect, there is some tension and a gap in logic between the two propositions; particularly because bulk purchasing achieves better value for money.

In the same interview, the Auditor General said that it is about good judgement rather than requiring rules to cover every situation. The City agrees; so we therefore query why the findings do not explicitly encourage good judgement over the (near impossible) task of prescribing rules for every purchasing card scenario. The City of Subiaco has well-established practises that apply to every purchase made by the organisation. Purchases occur on a foundation of good judgement within the bounds of the City's overall Purchasing policy, subject always to oversight by senior executives and strong controls such as public monthly payments listings.

The City has respectfully encouraged the OAG to adopt a constructive and collaborative approach, firstly in discussing findings with staff to understand context, and secondly in delivering its findings. A focus on mutual trust, capacity building, and open dialogue about risk and control environments will better support our shared goal of delivering positive outcomes for our communities.

Action to be Taken

The City has adopted a protocol in relation to Hospitality Expenditures, in order to document the sound principles that underpin current practise. It contextualises expenditures within the ATO guidelines for reasonable overtime and travel expenses, which contain suitable external reference points commonly adopted by various government agencies in Australia, and which are more than adequate to facilitate the City's contemporary practises.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Colin Cameron', with a long horizontal flourish extending to the right.

COLIN CAMERON
CHIEF EXECUTIVE OFFICER