

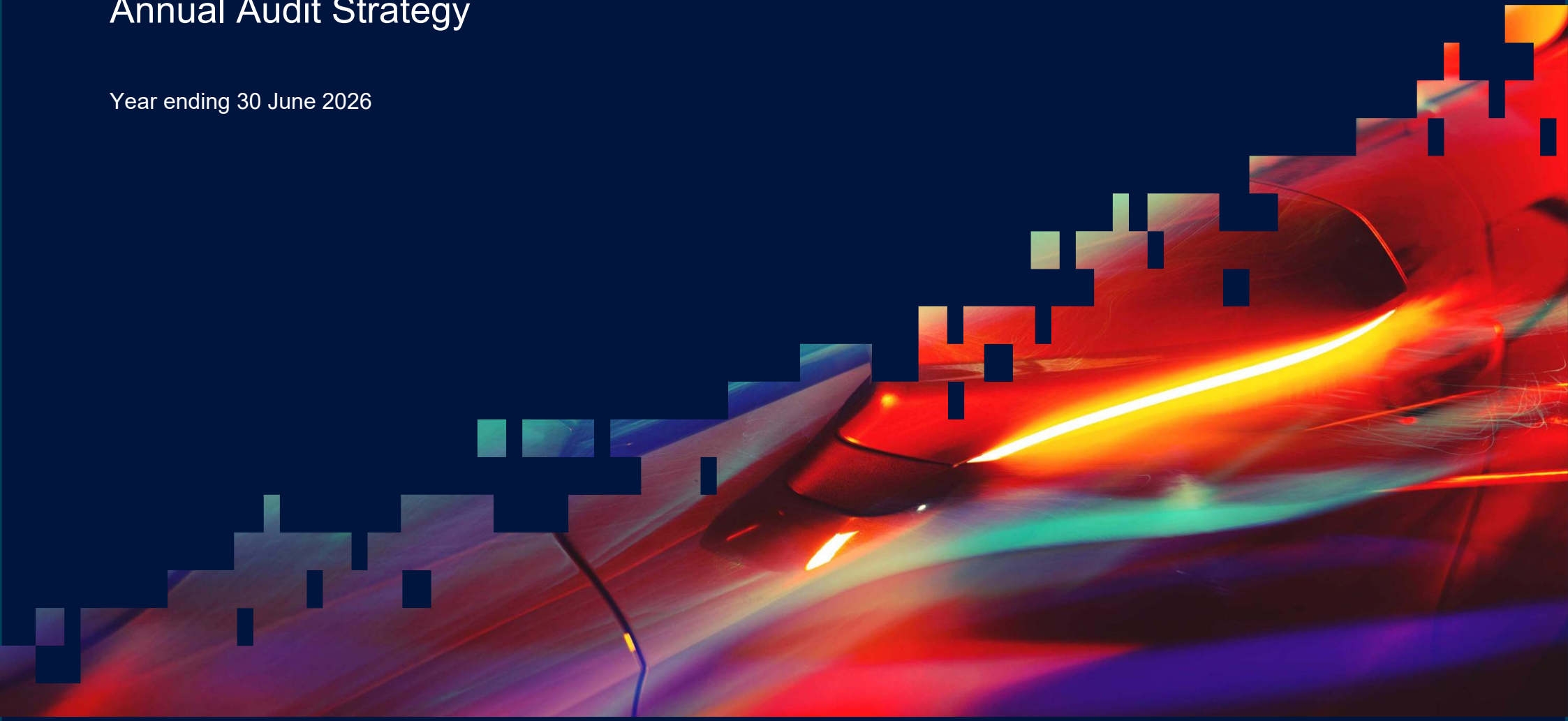
STRICTLY PRIVATE AND CONFIDENTIAL



City of Karratha

Annual Audit Strategy

Year ending 30 June 2026



Contents

Introduction	3
1. Audit Summary	4
2. Audit Approach	5
3. Risk Assessment	6
4. Information Systems Audit Approach	9
5. Your Engagement Team	10
Appendix I: Timetable	12
Appendix II: RSM Audit Methodology	14
Appendix III: Key Controls	15
Appendix IV: Areas of Non-Significant Risk and Other Critical Areas & Disclosures	16

Introduction

This Annual Audit Strategy has been prepared to communicate our understanding of the key areas and aspects of our planned approach for the audit of the City of Karratha for the year ending 30 June 2026.

This document outlines our understanding of the key areas of the audit, when we will conduct the engagement and your audit team.

The audit strategy is prepared with input from management. The strategy is tailored for the City's environment and revised throughout the year to adjust for business developments, additional relevant matters arising, changes in circumstances, findings from activities performed and feedback we receive from you.

We eagerly anticipate our collaborative work with you. Please feel free to contact either one of us or one of the other engagement team members listed in section 5 should you wish to discuss any aspect of the engagement.

Amit Kabra

Partner – Assurance & Audit
RSM Australia Pty Ltd

T: 08 9261 9594
Amit.Kabra@rsm.com.au

Iris Yap

Assistant Director – Financial Audit
Office of the Auditor General of Western
Australia

T: 08 6557 7701
Iris.yap@audit.wa.gov.au



1. Audit Summary

Purpose

This Annual Audit Strategy (AAS) has been prepared to communicate our planned approach for the audit of the financial report of the City of Karratha (“**the City**” or “**the Local Government**”) on behalf of the Office of the Auditor General (OAG) for the year ending 30 June 2026.

This document forms the basis for discussion at the audit entrance meeting scheduled for 3 June 2026.

Scope of the Engagement

The scope of this engagement involves, expressing an opinion on the audit of the general-purpose financial statements for the financial year ending 30 June 2026, prepared in accordance with the *Local Government Act 1995 (LG Act)*, the *Local Government (Financial Management) Regulations 1996 (Financial Management Regulations)*, Australian Accounting Standards, to the extent that they are not inconsistent with the LG Act and the Financial Management Regulations. The term ‘Australian Accounting Standards’ refers to Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

In addition to the above, the City also requires certifications in respect of the following:

- (a) Roads to Recovery (R2R) grant under the *National Land Transport Act 2014*, Part 8;
- (b) Local Roads and Community Infrastructure Program (LRCIP) grant in accordance with the LRCIP guidelines issued by the Australian Government Department of Infrastructure, Transport, Regional Development and Communications; and
- (c) Any other grants that may be requested.

The certifications do not form part of the audit scope. However, RSM will engage separately with the City to issue an independent auditor’s report on the above.

Under the *Auditor General Act 2006*, audit staff have unrestricted access to information held by the City of Karratha, irrespective of any restrictions on disclosure imposed, such as secrecy provisions.

Confidentiality of audit files and working papers is required under the *Auditor General Act 2006*. The Office of the Auditor General is an ‘exempt agency’ under the *Freedom of Information Act 1992*. The signed contract between the Auditor General and RSM contains strict confidentiality clauses.

Timing

Following discussions with management, we have agreed upon the milestones outlined in the table below. A comprehensive timetable with additional details is provided in [Appendix I](#).

Deliverable	Date	Responsibility
Interim audit	28 April-6 May 2026	City/RSM
Interim management letter issued (if any)	12 June 2026	City/RSM
CEO endorsed financial report	30 September 2026	City
Year-end audit visit	12-16 October 2026 19-23 October 2026 (on-site)	City/RSM
Final audit exit meeting including presentation of auditor’s closing report and final management letter (if any)	Week commencing 23 November 2026	RSM / OAG / City
Sign Financial Report and the Management Representation Letter	Week commencing 23 November 2026	RSM / OAG / City
Issue of audit opinion, management letters and reporting package to the Council and responsible Minister	Within 5 business days of receiving the signed contractor’s audit report from RSM	OAG

Consequences of missing agreed milestones

To deliver the audit as per the agreed milestones, we require management to ensure a firm commitment to the deliverables and dates agreed upon. Accordingly, we can only guarantee the original completion date if management is prepared and available per the agreed milestones.

2. Audit Approach

Internal Control Environment

In accordance with Australian Auditing Standards, we will review the design and operating effectiveness of the City's significant financial recording and reporting processes.

We will ensure that any significant deficiencies that come to our attention during our audit are promptly communicated to management.

Refer to [Appendix III](#) for further detail.

Materiality

We will determine an audit materiality using RSM Global Audit Methodology based on the City's total expenses.

The materiality is initially used to assess the risks of material misstatement and determine the nature, timing, and extent of the audit procedures to be undertaken. As the audit progresses, we will revise the level of materiality.

We will communicate all misstatements identified and require management to correct any errors above our materiality level before we issue our audit opinion.

Fraud Control Self-Assessment

Management and those charged with governance of the City are primarily responsible for preventing and detecting fraud.

To assist with your assessment, we will provide you with a Fraud Control checklist for self-assessment before our final audit visit. The form allows us to inquire about management, understand the risk of fraud within the City, and determine whether management has any knowledge of fraud perpetrated on or within the City.

Non-Audit Services

We confirm that RSM has not provided any non-audit services to the City that could reasonably be considered to create a threat to our independence in accordance with APES 110 Code of Ethics for Professional Accountants (including Independence Standards) and RSM's internal independence policies

Significant Risks

For all significant risks, the engagement team will specify which audit assertions pose significant audit risk.

Where we have determined that a risk of material misstatement at the assertion level is significant, we will perform audit procedures specifically responsive to that risk.

Non-significant risks will be audited by reliance on controls (where appropriate) substantive analytical procedures and tests of details, as necessary.

Refer to [Section 3](#) and [Appendix IV](#) for further detail.

Information systems

In accordance with Australian Auditing Standards, we will obtain an understanding of the information system, including the related business processes, relevant to financial reporting, including (amongst others) how the information system captures events and conditions, other than transactions, that are significant to the financial statements.

Refer to [Section 4](#) for further detail.

Going Concern

Under Australian Accounting Standards, management must assess the City's ability to continue as a going concern when preparing the financial report.

We will review management's assessment and, along with our audit evidence, form an opinion on the City's ability to continue as a going concern.

Communication

Throughout the audit process, we will keep communication channels open with management, formal and informal. We will conduct a meeting with management towards the end of the audit process.

Our Auditor's Closing Report will be issued to the Audit, Risk and Improvement Committee as part of our exit meeting.

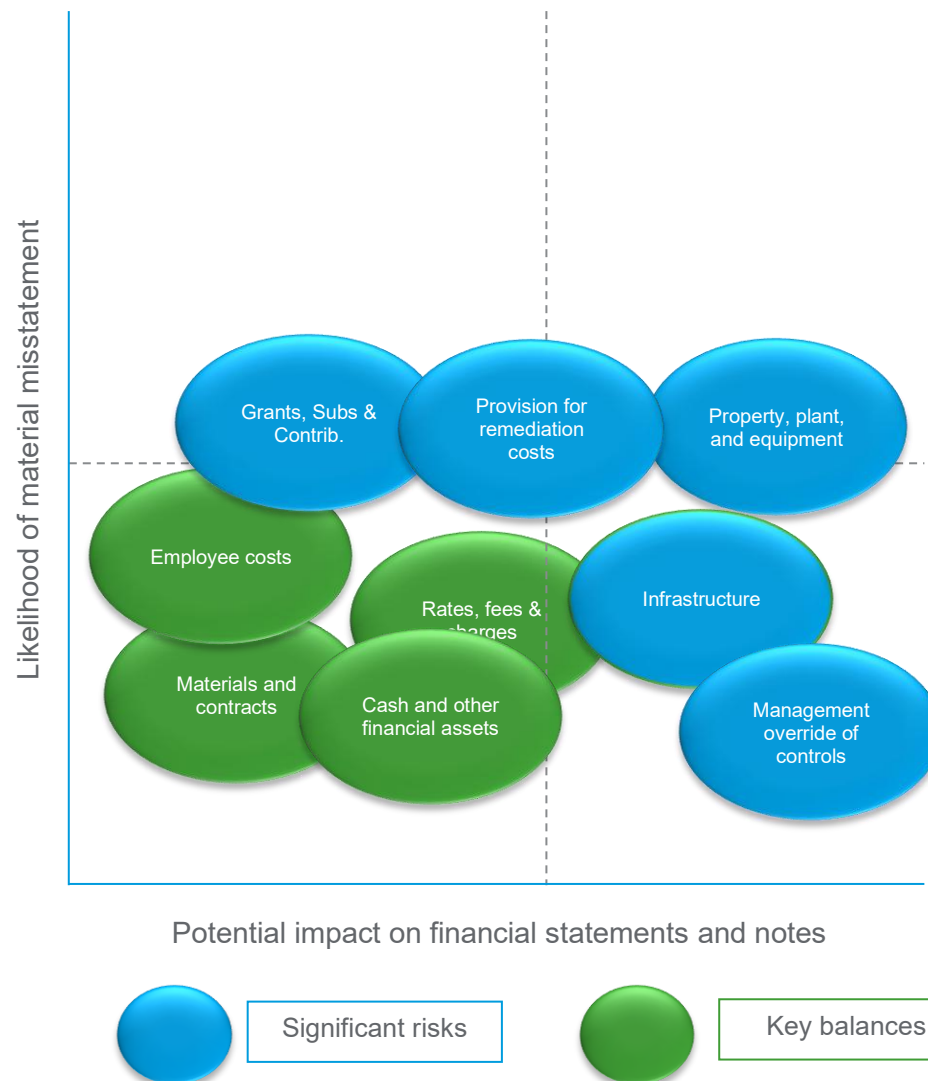
3. Risk Assessment

As part of the risk assessment, we have determined whether any of the risks identified are, in our judgment, significant risks. A significant risk is an identified and assessed risk of material misstatement that, in our judgment, requires special audit consideration. The assessment is based upon:

- Enquiries of the Local Government Management.
- The complexity of transactions within each area.
- The extent of specialist skill or knowledge needed to perform the planned audit requirement.
- The degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a management estimate and judgment.
- Whether the area is exposed to fraud risk.

Using the 30 June 2026 budget, recent financial reports to Council and the 30 June 2025 financial statements as a guide and referring to the RSM calculated materiality amount and risk assessment, we have identified the following potential significant risks and balances for the current financial year:

- **Significant risks**
 - Revenue recognition: Grants, subsidies and contributions (operating and non-operating)
 - Provision for remediation costs
 - Infrastructure, Property, plant, and equipment
 - Management override of controls
- **Key balances**
 - Rates, fees and charges
 - Materials and contracts
 - Employee costs
 - Cash and other financial assets



3. Risk Assessment (continued)

1. Revenue recognition – Grants, subsidies and contributions

Reasons why RSM considers this area a significant risk	RSM Audit response
<ul style="list-style-type: none"> The Local Government recognises revenue from multiple revenue streams outside of its income from rates, including operating grants, subsidies and contributions, and non-operating grants, subsidies and contributions. There is a risk that the recognition of revenue may not be compliant with the requirements of AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income for Not-for-Profits</i>. 	<p><i>Substantive testing including:</i></p> <ul style="list-style-type: none"> Performing test of details, on a sample basis, over grants, subsidies and contributions throughout the year and include transactions near year end to ensure they are correctly and completely accounted for in line with the Local Government's revenue recognition policy. Performing calculation checks for contract liabilities related to grants, subsidies and contributions and vouch for agreements. Reviewing receivables balances on a sample basis and perform subsequent receipt testing. Performing testing on journal entries for any management override of internal controls related to revenue recognition.

2. Provision for remediation costs

Reasons why RSM considers this area a significant risk	RSM Audit response
<ul style="list-style-type: none"> The City has recognised its obligation to rehabilitate 3 cells to minimise potential environmental impacts. A post closure management plan has been prepared with rehabilitation estimates for the capping and restoration of the cells currently in use. The City has advised that the cost base will be reviewed by the consultant as of 30 June 2026. In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets, a provision for landfill rehabilitation has been brought to account. Accounting for the provision is complex and is subject to a high degree of estimation. 	<ul style="list-style-type: none"> Review of management's assessment to identify change in circumstances and any change required to the provision for remediation costs. Review present value calculation for the provision for remediation costs. Reviewing the cost base estimates (obtained from independent consultant report) and assess the reasonableness of the significant changes. Review the disclosures in the notes to the financial statements is appropriate

3. Risk Assessment (continued)

3. Infrastructure and Property, plant and equipment

Reasons why RSM considers this area a significant risk	RSM Audit response
<ul style="list-style-type: none"> Infrastructure and Property, Plant and Equipment constitute approximately 77% of the Local Government's total assets as of 30 June 2025. The City has advised that land and buildings and open space assets (infrastructure) will be revalued as of 30 June 2026. Due to the significant assumptions regarding the assets' service potential, useful life, asset condition and residual value, the potential for management bias when assessing impairment indicators of Infrastructure and Plant and Equipment results in us determining them as areas of significant risk. 	<p><i>Test of controls including:</i></p> <ul style="list-style-type: none"> Assessing the design, implementation and operating effectiveness of key internal controls operating within the Infrastructure and Property, Plant and Equipment cycle. <p><i>Substantive testing including:</i></p> <ul style="list-style-type: none"> Performing test of details, on a sample basis, material additions to Infrastructure, Property, Plant and Equipment (which includes works in progress) to ensure they qualify for capitalisation under AASB 116 <i>Property, plant and equipment</i>. Performing test of details, on a sample basis, over depreciation expenses to ensure it is calculated in accordance with the City's depreciation policy. Reviewing the fair value estimates (obtained from independent valuation report) and reconciliations to the general ledger. Testing accuracy and completeness of data sets including review of useful lives, condition assessments and depreciation rates. Assess whether the valuer has considered the updates to AASB 13 Fair Value Measurements through AASB 2022-10. For land valuations, land used for public sector community use (e.g. park land) must be valued based on its current use (presumed to be the highest and best use) unless it is highly probable that the land use will change. Reviewing management impairment assessment for any indication of management bias. Reviewing the disclosures in the notes to the financial statements is appropriate.

4. Management override of controls

Reasons why RSM considers this area a significant risk	RSM Audit response
<ul style="list-style-type: none"> ASA 240 states that this is a default significant risk in any audit. Recording fictitious journal entries to manipulate operating results or achieve other objectives. Inappropriately adjusting assumptions and changing judgements used to estimate account balances. Altering records and terms related to significant and unusual transactions. Omitting, obscuring, or altering the timing of recognition and /or disclosure of transactions required under AASBs. 	<ul style="list-style-type: none"> Testing journal entries recorded in the general ledger and adjustments on a sample basis based on data analytics to identify journal entries that exhibit characteristics of audit interest. Assessing accounting estimates for evidence of biases. Reviewing unusual, significant transactions and related party transactions. Conducting an unpredictability test.

For further information regarding non-significant risks, as well as other critical areas and disclosures, please refer to [Appendix IV](#)

4. Information Systems Audit Approach

RSM will engage our Information System Auditor (**ISA**) specialist to assess the risk of material misstatement arising from the Information Technology (IT) environment.

RSM complies with Auditing Standard *ASA 315 Identifying and Assessing the Risks of Material Misstatement*. Our approach to information systems audit is to obtain an understanding of the information system, including the related business processes, relevant to financial reporting, including (amongst others) how the information system captures events and conditions, other than transactions, that are significant to the financial statements.

The key applications covered within our scope are:

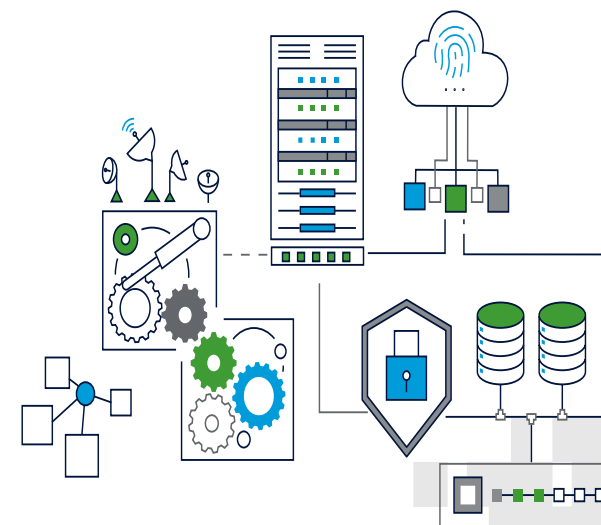
- CiAnywhere – (TechnologyOne) (general ledger, fixed assets (Plant) and payroll)

Consistent with our approach in the previous years, we will test the design and implementation of ITGC but not the operating effectiveness.

The audit procedures conducted by the ISA in the City will be:

- Assessing the design and implementation of general IT controls around system access and reviewing controls over computer operations within specific applications which are required to be operating correctly to mitigate the risk of misstatement in the financial statements;
- Assessing whether appropriate restrictions were placed on access to core systems through reviewing the permissions and responsibilities of those given that access;
- Where we identify the need to perform additional procedures, place reliance on manual compensating controls, such as system interfaces, transfer of data from one system to another, reconciliations between systems and other information sources or performing additional testing, such as extending the size of our sample sizes, to obtain sufficient appropriate audit evidence over the financial statement balances that were impacted; and
- Reviewing the key controls around change management related to significant IT systems.

As noted in [Appendix III](#) below, we have noted four management letter findings for the FY25 year which will be followed up as part of the review in the current year.



5. Your Engagement Team

Your engagement team has been carefully selected to provide you with an efficient and effective audit through their relevant experience. The audit team consists of the following members:

OAG Representatives

Caroline Spencer

Auditor General

T: 08 6557 7502

Caroline.Spencer@audit.wa.gov.au

Grant Robinson

Assistant Auditor General – Financial Audit

T: 08 6557 7526

Grant.Robinson@audit.wa.gov.au

Iris Yap

Assistant Director – Financial Audit

T: 08 6557 7701

Iris.yap@audit.wa.gov.au

RSM Core Engagement Team



Amit Kabra

Engagement Partner

T: 08 9261 9594

Amit.Kabra@rsm.com.au



Nur Hafizah Zakaria

Engagement Manager

T: 08 9261 9344

NurHafizah.Zakaria@rsm.com.au

RSM Subject Matter Specialists



Ralph Martin

Partner – National Technical

T: 08 9261 9374

Ralph.Martin@rsm.com.au



Nadine Marke

Partner – Corporate Finance

T: 08 9261 9375

Nadine.Marke@rsm.com.au



Riaan Bronkhorst

Partner – Security & Privacy

T: 08 9261 9272

Riaan.Bronkhorst@rsm.com.au



Appendices

- I. Timetable
- II. RSM Audit Methodology
- III. Key Controls
- IV. Areas of Non-Significant Risk and Other Critical Areas & Disclosures

Appendix I: Timetable

Phase	Task	Indicative time frame*	Action
Planning	Issue final AAS to Management	11 May 2026	RSM
	Entrance meeting with the Local Government's Audit, Risk and Improvement Committee to present Audit Strategy	3 June 2026	RSM / OAG/ Local Government
Interim Audit Fieldwork	Forward Interim Audit Preparation Checklist to Management	14 April 2026	RSM
	Management to provide all requested information as per checklist	28 April 2026	Local Government
	Interim audit focusing on controls testing for major transaction cycles based on a rotation plan, walkthrough of all major transaction cycles, review of the key reconciliation routines, and preliminary analytical review for the 9 months ended 31 March 2026	28 April – 6 May 2026	RSM / Local Government
OAG review	OAG Director to review the interim audit fieldwork performed by RSM	2 – 8 June 2026	RSM / OAG
Interim Audit Management Letter (if applicable) and/ or interim audit findings	Interim audit findings meeting to discuss the draft Interim Audit Management Letter and findings with Management	12 June 2026	RSM / OAG / Local Government
	Management returns the draft Interim Audit Management Letter with comments to RSM (if any)	17 June 2026	Local Government
Final Audit Fieldwork	Forward Final Audit Preparation Checklist to Management	15 June 2026	RSM
	Management to provide all requested information as per checklist	30 September 2026	Local Government
	Final CEO signed financial statement to RSM and OAG	30 September 2026	Local Government
	Top-up audit work based upon roll-forward testing of the interim audit substantive testing of significant balances	12 – 16 October 2026 19 – 23 October 2026 (on-site)	RSM
OAG review	OAG Director to review the final audit fieldwork performed by RSM	4 – 11 November 2026	RSM / OAG
	Issue of draft Final Audit Management Letter to Management for comments	12 November 2026	RSM

Phase	Task	Indicative time frame*	Action
Final Audit Management Letter (if applicable)	Management returns the draft Final Audit Management Letter with comments to RSM	16 November 2026	Local Government
Closing Report and Management Representation Letter	Issue draft Closing Report and draft Management Representation Letter to the OAG and Management for comments	12 November 2026	RSM
	Management returns the draft Closing Report and Management Representation Letter with comments to RSM	16 November 2026	Local Government
	Issue Closing Report to City of Karratha and Audit Risk and Improvement Committee*	18 November 2026	RSM / OAG
Exit Meeting	Final audit exit meeting with the Local Government's Audit and Risk and Improvement Committee including presentation to the closing report*	Week commencing 23 November 2026	RSM / Local Government/ OAG
Final Report	Chief Executive Officer to sign Financial Report and the Management Representation Letter	Week commencing 23 November 2026	Local Government
Contractor's Audit Report	Independent Contract Auditor's Report issued*	Week commencing 23 November 2026	RSM
Audit Report	Issue of audit opinion, management letters and reporting package to the Council and responsible Minister*	Within 5 business days of receiving the signed contractor's audit report from RSM	OAG

*Based on timely receipt of audit information and reporting documentation and completion of all required audit procedures

Audit preparation checklist

To assist the Local Government to gather and collate the necessary audit information and documentation, we will issue in advance of each audit visit an Interim Audit Preparation Checklist and a Final Audit Preparation Checklist. As the requested information will be an important part of our audit working papers, the information required must be made available to RSM on or before the audit fieldwork dates specified above. Audit Preparation Checklist will facilitate the delivery of an efficient audit and help to minimise interruptions to Management. RSM will endeavour to make the checklists as detailed as possible in order to allow for changing working conditions in place.

We have found iManage to be very useful in the past and appreciate the access it gives to information for all team members.

Appendix II: RSM Audit Methodology

RSM Orb

RSM Orb is our optimal risk-based audit methodology deployed in more than 100 countries worldwide. It was designed to focus on the middle market and scales with client complexity to provide a robust, quality audit.

Our technology platform and proprietary methodology enable our auditors to focus on your risks and design procedures tailored to your unique circumstances and environment. RSM Orb enables us to deeply understand your business, providing you with critical insights now and for the future.

Audit Technology

RSM Luca, our innovative digital audit ecosystem, embodies technology-powered human insights. RSM Luca enhances client understanding and provides forward-thinking insights by integrating sophisticated technologies and efficient processes, ensuring impactful and continual innovation.

RSM Luca increases audit efficiency and effectiveness by enabling human-led, forward-thinking analysis, data-driven insights and high-quality audits. Our pricing models reflect the cost savings associated with increased audit efficiency.



Appendix III: Key Controls

3.1 Significant changes to internal controls

The City Management advised that there are no major changes to its internal control environments and are not aware of any major changes that may significantly impact the 30 June 2026 financial statements.

3.2 Effectiveness of internal controls

The City's management team has a substantial focus on ensuring that controls in place are robust and that financial reporting is accurate. The financial controls, processes and procedures across the City are at a mature stage with proper documentation and ownership within the various business units.

We will follow up on prior year management letter points to ensure they have been satisfactorily resolved.

Findings from - 30 June 2025

ITGC Audit	Rating	Due Date	Status *
1. Data Loss Prevention	Moderate	June 2026	In progress
2. IT Governance and Strategy	Minor	March 2026	Completed
3. Penetration Testing	Minor	June 2026	Completed
4. Financial Application Access Management	Minor	June 2026	In progress

* Status confirmed by management as at the date of this report.



Appendix IV: Areas of Non-Significant Risk and Other Critical Areas & Disclosures

Areas of Non-Significant Risk

Statement of comprehensive income	RSM Audit response
Rates, Fees and Charges, Other revenue	<ul style="list-style-type: none"> Assess the design, implementation and operating effectiveness of key internal controls operating within the revenue cycle. Review rates receivables balances on a sample basis and perform subsequent receipt testing. Perform analytical procedures on rates through a detailed comparison with Landgate valuation data and approved rate in the dollar. Performing test of details, on a sample basis, over fees and charges and sanitation, to ensure they are correctly accounted for in line with the Local Government's revenue recognition policy. Presumed fraud risk for rates, fees and charges and other revenues will be rebutted based on following basis: <ul style="list-style-type: none"> a) Rates are levied on a financial year basis and rate per dollar is approved by the Council. Accordingly, there are no accuracy and cut-off issues associated; and b) Fees and charges rates are approved by the Council annually, controls over billing process is effective and it does not involve any estimate or judgement.
Materials and contracts	<ul style="list-style-type: none"> Assess the design, implementation and operating effectiveness of key internal controls operating within the purchasing and procurement cycle. Test of authorisation of payments in line with Delegation of Authority Test of review of approval of contracts and POs in line with the City's Procurement Policy. For new contracts awarded during the year, on a sample basis, review to ensure the City's Procurement Policy was followed (quotations, request for tender etc). Performing test of details, on a sample basis, over materials and contracts expense. The samples will be selected from transactions occurring throughout the year and include transactions near year end to ensure they are correctly and completely accounted for in the correct period. Perform a search for unrecorded liabilities.
Employee costs	<ul style="list-style-type: none"> Assess the design, implementation and operating effectiveness of key internal controls operating within the payroll cycle. Analytical procedures over employee costs and amounts allocated from employee benefits to capital projects. Performing test of details, on a sample basis, over annual leave and long service leave provisions Check the mathematical accuracy of the long service leave computation, including consideration of significant assumptions, methods and data utilised. Performing test of details, on a sample basis, of Key Management Personnel (KMP') remuneration disclosures in the financial report.

Appendix IV: Areas of Non-Significant Risk and Other Critical Areas & Disclosures (continued)

Areas of Non-Significant Risk (continued)

Statement of comprehensive income	RSM Audit response
Other expenditure	<ul style="list-style-type: none"> On a sample basis, test supplies and services expenses to supporting documentation to ensure recorded in the correct year.
Statement of financial positions	RSM Audit response
Cash and cash equivalents	<ul style="list-style-type: none"> Review bank reconciliation for all material bank accounts. Confirm bank balances with relevant financial institutions.
Trade and other receivables	<ul style="list-style-type: none"> On a sample basis, test rates and sundry trade receivables to supporting documentation and subsequent receipts (where possible). Review management's assessment of the reasonableness of provision for expected credit losses.
Investment properties	<ul style="list-style-type: none"> Reviewing the fair value estimates (obtained from independent valuation report) and reconciliations to the general ledger. Performing test of details, on a sample basis, material additions to Investment Properties to ensure they qualify for capitalisation under AASB 140 <i>Investment Properties</i>.
Inventories	<ul style="list-style-type: none"> Review the accounting treatment of land held for resale to ascertain that they are in line with the Australian Accounting Standards. Review ageing and movement of inventories and assess reasonableness of provision for obsolete and/or slow-moving inventory.
Employee Provisions	<ul style="list-style-type: none"> Review of the calculation of the provision, including the impact of discounting.
Trade and other payables	<ul style="list-style-type: none"> On a sample basis, test trade payables and accruals to supporting documentation and subsequent payment (where possible). Perform a search for unrecorded liabilities.
Reserves	<ul style="list-style-type: none"> Verify transfers to and from reserves have been appropriately approved.
Loans and borrowing	<ul style="list-style-type: none"> For new agreements in the period under audit, inspect original or authenticated copies of non-current loan agreements, or other related documents to test the terms, restrictive covenants and other pertinent provisions of non-current borrowings. Obtain summary of non-current loans and interest and agree balances to the general ledger Review confirmation replies (including those for assets and liabilities) for evidence of liens, security interests, derivatives and assets pledged as collateral for loans, cross-reference to the corresponding general ledger accounts and verify proper disclosures.

Appendix IV: Areas of Non-Significant Risk and Other Critical Areas & Disclosures (continued)

Other critical areas and disclosures

Other critical areas and disclosures	RSM Audit response
Capital and other commitments for expenditure	<ul style="list-style-type: none"> ▪ We will check the underlying calculations and review the evidence to support the amounts disclosed.
Contingent liabilities	<ul style="list-style-type: none"> ▪ Obtaining an understanding from the Management of the nature and history of any environmental compliance matters and legal matters which could give rise to a claim or obligation against the Local Government. ▪ Reviewing the legal advice provided to Management and Council with respect to any claim or obligation against the Local Government. ▪ Assessment of Management's accounting treatment in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and AASB 110 Events after the Reporting Period for any claim or obligation against the Local Government. ▪ Testing of management's assumptions in determining the estimated value of obligations or claims not yet settled. ▪ Reviewing the basis and adequacy of disclosures within the financial statements in relation to provisions and contingent liabilities.
Related party disclosures:	<ul style="list-style-type: none"> ▪ We will review the disclosures and supporting material to ensure compliance with AASB 124. We will also assess the Local Government's internal controls around the identification and proper disclosure of related party transactions and key management remuneration.

RSM Australia

Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000

Australia

T +61 (08) 9261 9100
rsm.com.au

Office of The Auditor General of Western Australia

Albert Facey House
7/469 Wellington St,
Perth WA 6000

Australia

T +61 (08) 6557 7500

audit.wa.gov.au

This report has been prepared for sole use of City of Karratha. It must not be disclosed to a third party or quoted or referred to without our written consent. No responsibility is assumed by RSM Australia to any other person.

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, 2nd Floor, London EC4N 6JJ.

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

© RSM International Association

Liability limited by a scheme approved under professional standards legislation