



FINANCIAL AUDIT REPORT

17 April 2025

Local government 2024

Report 13: 2024–25

As the independent auditor of the Queensland public sector, including local governments, the Queensland Audit Office:

- provides professional audit services, which include our audit opinions on the accuracy and reliability of entities' financial statements
- provides insights on entities' financial performance, risk, and internal controls; and on the efficiency, effectiveness, and economy of public service delivery
- produces reports to parliament on the results of our audit work, insights, and advice, and provides recommendations for improvement
- connects our reports to regions and communities with graphics, tables, and other visualisations
- conducts investigations into claims of financial waste and mismanagement raised by elected members, state and local government employees, and the public
- shares wider learnings and best practice from our work with entities, our professional networks, industry, and peers.

We conduct all our audits and reports to parliament under the *Auditor-General Act 2009*.

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The Honourable P Weir MP
Speaker of the Legislative Assembly
Parliament House
BRISBANE QLD 4000

17 April 2025

This report is prepared under Part 3 Division 3 of the *Auditor-General Act 2009*.



Rachel Vagg
Auditor-General



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Acknowledgement

The Queensland Audit Office acknowledges the Traditional and Cultural Custodians of the lands, waters, and seas across Queensland. We pay our respects to Elders past, present, and emerging.

Report on a page

This report summarises the audit results of Queensland’s 77 local government entities (councils) and the entities they control. We also highlight the purpose and importance of accounting for depreciation expense.

Financial statements are reliable, but not timely

This year, **64** councils (2023: 63) had their financial statements completed by the statutory deadline of 31 October 2024. While the deadline was achieved by most councils, they are finalising their statements later. Over the last 2 financial years, more than **two-thirds** of the sector completed their financial statements in the last 2 weeks of October, or missed the 31 October statutory deadline. While a lack of adequate resources has played a part in this, weaknesses in councils’ processes have also contributed.

Allowing sufficient time for the financial statement preparation process will give councils opportunity to undertake a thorough review of the financial statements to identify and amend errors.

The sector’s control environment is weaker than before

The sector’s control environment (its systems and processes) has deteriorated this financial year, with more than **200** new or unresolved significant deficiencies – of these 52 were identified and reported this year. Almost **80** per cent of the significant deficiencies have been unresolved for more than 12 months.

We continue to find more weaknesses in information systems, and **49 councils** (2023: 45 councils) have at least one weakness. Councils need to address these in a timely manner to strengthen the security of their information systems. Weaknesses regarding procurement and contract management, and maintenance of policies and procedures have increased in the 2023–24 financial year.

Councils will need to consider the financial and operational impacts of climate-related risks and implement appropriate mitigation strategies.

There were many new elected members and executives due to the 2024 local government elections. These changes often result in changes to the governance structure and control environment in councils. They also meant that 10 councils combined paid **\$1.4 million** in termination benefits to their existing executives above what they were entitled to under their contractual terms.

Federal grants were not paid in advance, leading to losses

Unlike previous years, in 2023–24 councils did not receive any advance funding through federal financial assistance grants. The federal government determines the timing of these payments. As a result, **52** councils (81 per cent of those that completed their financial statements by 31 October 2024) recorded losses.

The sector’s water infrastructure assets need attention

One of the Department of Local Government, Water and Volunteers’ (the department) new sustainability measures is the asset consumption ratio (how much of a council’s asset is left to be consumed). This ratio is currently calculated for all of councils’ infrastructure assets. If this ratio is measured at an asset type (roads, water infrastructure, for example) level, it would provide better insights to councils on what assets need attention.

When this ratio is applied to the sector’s water infrastructure assets, the ratio indicates that roughly half (**35**) of the councils are at an increased risk of not being able to provide services to their community at the required levels.



1. Recommendations

Recommendations for councils

This year, we make the following 3 new recommendations for councils.

Implement policies and procedures to ensure ex-gratia payments are appropriate and defensible, and the decisions made to make such payments are transparent.

Consider the appropriateness of using non-disclosure agreements when making such payments (Chapter 5)

1. We recommend that all councils implement policies and procedures that specify when ex-gratia payments (which an entity is not legally required to make under a contract or otherwise) are appropriate. The policies and procedures should outline:
 - who is authorised to approve ex-gratia payments
 - under what circumstances is it appropriate for such payments to be made
 - documentation to support
 - the reason and nature of the payment
 - the amount, including supporting calculations
 - when it is appropriate to enter into non-disclosure agreements in making such payments.

Assess climate risks and add them to their risk registers (Chapter 5)

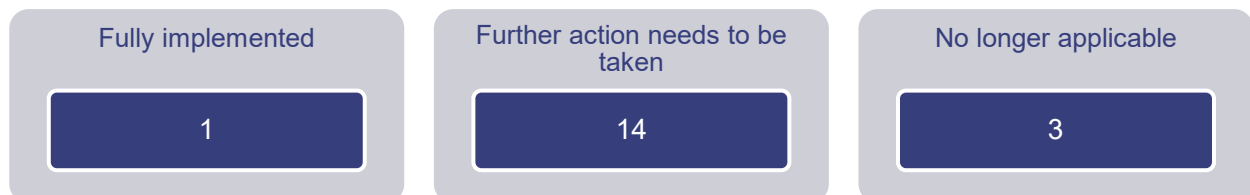
2. We recommend that councils assess climate risks and develop strategies to address them. They should consider updating their strategic plans, risk registers, and long-term budgets to reflect the financial and operating impacts of these risks.

Review the asset consumption ratio for water infrastructure assets and determine what action is required (Chapter 6)

3. We recommend all councils review the asset consumption ratio for their water infrastructure assets. Where the ratio is below 60 per cent, councils should assess the need for repairs/renewals to their water infrastructure assets that will reinstate these assets to a level that provides the appropriate level of service to their community.

Councils need to take further action on prior year recommendations

We have summarised the recommendations that were outstanding in *Local government 2023* (Report 8: 2023–24) in the following tables.



Theme	Summary of recommendation	Local government report	Status of recommendation
Governance and internal control	Implement processes to ensure policies and procedures are regularly reviewed and kept up to date (Chapter 5)	Report 8: 2023–24	Further action needs to be taken
	Annually review the registration status of employees undertaking engineering services (Chapter 5)	Report 8: 2023–24	Further action needs to be taken
	Assess their audit committees against the actions in our 2020–21 audit committee report (Chapter 5)	Report 15: 2021–22	Further action needs to be taken
	Use our annual internal control assessment tool to help improve their overall control environment (Chapter 5)	Report 15: 2021–22	Further action needs to be taken
	Improve risk management processes (Chapter 5)	Report 17: 2020–21	Further action needs to be taken
	Establish and maintain an effective and efficient internal audit function (Chapter 5)	Report 13: 2019–20	Further action needs to be taken
Asset management and valuations	Include councils' planned spending on capital projects in asset management plans (Chapter 6)	Report 15: 2021–22	Further action needs to be taken
	Improve valuation and asset management practices (Chapter 4)	Report 17: 2020–21	Further action needs to be taken
Financial reporting	Reassess the maturity levels of financial statement preparation processes in line with recent experience to identify improvement opportunities that will help facilitate early certification of financial statements (Chapter 4)	Report 15: 2021–22	Further action needs to be taken
Information systems	Strengthen the security of information systems (Chapter 5)	Report 17: 2020–21	Further action needs to be taken
	Conduct mandatory cyber security awareness training (Chapter 5)	Report 13: 2019–20	Further action needs to be taken
Procurement and contract management	Assess the maturity of their procurement and contract management processes using our procure-to-pay maturity model, and implement identified opportunities to strengthen their practices (Chapter 5)	Report 15: 2022–23	Further action needs to be taken
	Enhance procurement and contract management practices (Chapter 5)	Report 17: 2020–21	Further action needs to be taken
	Secure employee and supplier information (Chapter 5)	Report 13: 2019–20	Further action needs to be taken

Implementing our recommendations will help councils strengthen their internal controls for financial reporting and improve their financial sustainability. We have included a full list of prior year recommendations and their status in [Appendix D](#).

Recommendations for the Department of Local Government, Water and Volunteers

This year, we make the following 2 new recommendations to the Department of Local Government, Water and Volunteers (the department).

Develop guidance material on ex-gratia payments for local governments (Chapter 5)

4. We recommend that the department develops guidance material for councils to determine when ex-gratia payments are made. The guidance should:
- include expectations for internal governance
 - specify the required documentation, including supporting calculations, to support ex-gratia payments
 - specify the financial reporting and disclosure requirements
 - address the use of non-disclosure agreements and the circumstances when these would be appropriate.

Amend the sustainability guideline to include an asset consumption ratio for each asset class (Chapter 6)

5. We recommend that the department amends the sustainability guideline so that councils are required to calculate and report on the asset consumption of each asset class in their financial statements.

The department needs to take further action on prior year recommendations

The department has made some progress in addressing the recommendations we made in our prior reports.



It has published a framework to assess the sustainability risk of councils. However, further action is still required on 3 recommendations, as summarised below.

Theme	Summary of recommendation	Local government report	Status of recommendation
Financial reporting and capability within the sector	Introduce an internal controls assurance framework for councils (Chapter 4)	Report 8: 2023–24	Not implemented
Financial sustainability	Determine the minimum expected requirements for all qualitative measures of council sustainability and include this in the sustainability framework (Chapter 6)	Report 8: 2023–24	Not implemented
	Develop a way to measure the overall sustainability risk of individual councils (Chapter 6)	Report 8: 2023–24	Not implemented

We have included a full list of prior year recommendations and their status in [Appendix D](#).



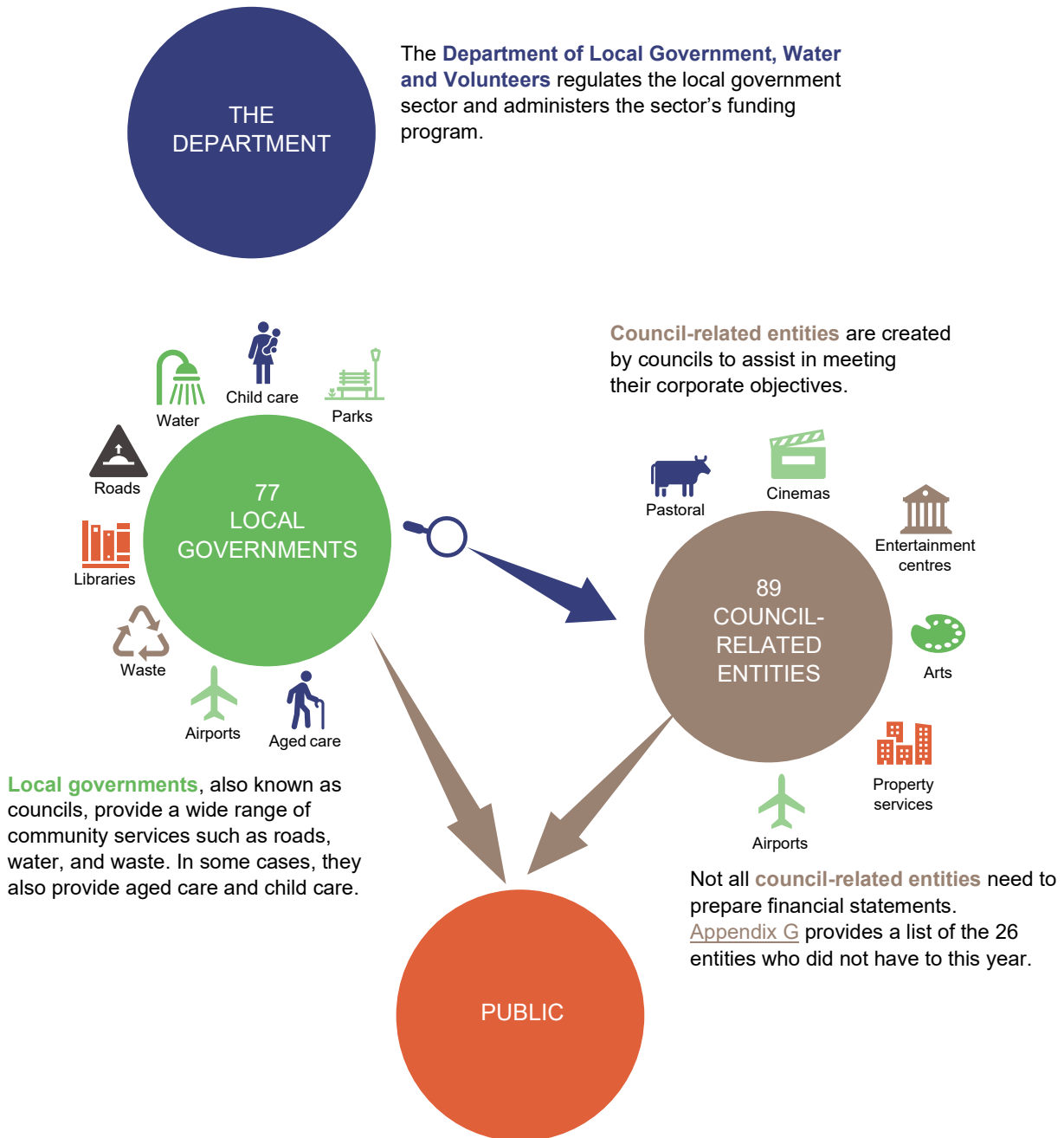
Reference to comments

In accordance with s.64 of the *Auditor-General Act 2009*, we provided a copy of this report to relevant entities. In reaching our conclusions, we considered their views and represented them to the extent we deemed relevant and warranted. Any formal responses from the entities are at [Appendix A](#).



2. Entities in this report

Figure 2A
Entities in the local government sector



Source: Queensland Audit Office.



3. Area of focus – accounting for depreciation expense

Queensland councils collectively manage \$142 billion of infrastructure assets (roads, bridges, water assets) that are used to provide services to their communities. These assets usually have a limited life and are replaced throughout or at the end of their life. The replacement may be funded by council (using its own funds or through borrowings) or by another level of government, typically by provision of grants.

The allocation of the cost of the asset over its estimated life gives information on the value of the asset consumed by the community during a period of time – this is known as depreciation expense. This is valuable information, regardless of how the asset was funded. It provides information to allow for appropriate asset management, replacement planning, and costing of services.

Australian accounting standards require the calculation and reporting of depreciation expense in the annual financial statements. Depreciation expense is also included in some sustainability metrics.

In this chapter, we explain the fundamentals of depreciation and how councils can manage their depreciation expense and its financial impact.

Background

The financial reporting framework for councils in Queensland is determined by the Local Government Regulation 2012 (the regulation). It states that local governments in Queensland must prepare financial statements that comply with the Australian accounting standards. These standards are set by the Australian Government's independent Australian Accounting Standards Board. All local governments around Australia need to comply with them.

Accounting for depreciation expense is a requirement of the Australian accounting standards.

Fundamentals of depreciation

What is depreciation

Depreciation is allocating the cost of the assets over the time they are expected to be consumed. Accounting standards allow for a variety of methods to calculate depreciation as long as it represents the systematic allocation of the consumption of the asset. Once selected, the method is applied consistently.

The simplest way to calculate depreciation expenses is to divide the value of an asset by its useful life (how long it is estimated to last). The figure for depreciation expenses, as reported in a council's financial statements, is the aggregate amount of this calculation across all assets each financial year. The financial statements also provide a total of the amount of the asset consumed so far, called accumulated depreciation.

All methods of calculation of depreciation use estimates. The useful life is one of the key estimates in the calculation.

Why accounting for depreciation is important

To support the calculation of the cost of services

Councils provide various services to their communities, most for which they charge a fee. To support long-term sustainability, the fee charged should include the value of assets consumed to deliver those services.



Even where the full costs are not recovered by councils through fees, the gap identified helps councils to plan for the identification of future, alternate funding sources.

To help understand when assets need to be replaced

Effective management of assets means knowing when major repairs or replacement is required. When an asset ages, the amounts of value that can be derived from the asset decreases. As the net asset position of an asset (value less depreciation) approaches zero, this tells councils and readers that this asset will need to be replaced or significant maintenance is required.

All councils under the regulation are required to have an asset management plan. These plans must cover a period of 10 years or more and include:

- strategies on how the council will ensure sustainable management of its assets
- the estimated capital expenditure for renewing, upgrading, and extending the assets.

When councils maintain their assets in accordance with the asset management plan, they ensure their assets are safe and reliable to provide services to their community and also know how much longer their assets will last. As depreciation represents the reduction in the value of an asset over time, it is an important element of overall asset management and helps councils manage their assets effectively.

In *Local government 2021* (Report 15: 2021–22), we made a recommendation to councils to review their asset management plans to confirm that they include the proposed timing and costs of replacement and significant repair of their assets. This would help them identify their future funding needs and help them to plan for appropriate sources of funding. As of 30 June 2024, only **two-thirds** (44 councils) of the sector had implemented this recommendation.

Depreciation should be accounted for monthly

Councils should calculate and account for depreciation expenses each month in the financial reports they prepare for their elected members, executives, and members of their community.

Accounting for depreciation in the monthly financial reports will:

- help councils plan better for their asset management and asset valuation processes
- provide councillors and other decision makers with the true financial position and performance of council throughout the year
- show a more accurate picture of councils' financial sustainability on a periodic basis.

Councils should prepare their monthly financial reports on the same basis as they prepare their annual financial statements, which apply Australian accounting standards. This means applying the accrual basis of accounting (meaning revenue and expenses are recognised as they are earned or incurred, regardless of when cash has been received or paid).

This will ensure the elected members receive consistent and comparable monthly financial reporting that will align with the results of councils, to enable good decision making.

In our report *Local government 2022* (Report 15: 2022–23), we reviewed about one-third of councils and compared the financial results they reported in their monthly financial reports (most of which were not prepared on an accrual basis) to their financial results in the audited financial statements (that were prepared on an accrual basis). We noted that:

- 14 councils (61 per cent of those we reviewed) reported a significantly lower operating result in their year-end financial statements than the operating result reported in their monthly financial reports
- for 6 of these 14 councils, they reported an operating surplus (operating revenue higher than operating expenses) in their monthly financial reports at 30 June 2022. But they reported an operating deficit (operating expenses higher than operating revenue) in their audited year-end financial statements.



In most instances, the reason for the difference in the operating results was because these councils did not account for depreciation in their monthly financial reports but recognised it in the annual financial statements.

Effectively managing the impact of depreciation

Depreciation is a significant component of a council's total expenditure in the profit and loss statement. There are 2 key estimates used in the depreciation expense calculation, which can materially affect the value reported:

- the fair value of the asset – the value at which an entity will be able to sell or exchange its assets with a buyer. The higher the fair value of the asset, the higher the depreciation expense
- the useful life of the asset – an estimate of how long an asset will last. The shorter the useful life of the asset, the higher the depreciation expense.

Most council assets are of a nature that cannot be easily sold to a buyer – for example roads, drainages, and bridges. Fair value of such assets is calculated by reference to what it would cost to replace these assets in their current form and condition. This is known as current replacement cost.

Councils often engage independent valuers to determine the current replacement costs and remaining useful lives of assets. To get these right, councils must work closely with the independent valuers to ensure that the asset values and useful lives are reflective of their experience of the costs of recent projects and of past asset replacement time frames.

In the following case study, we highlight an example of how a Queensland council has used its internal data and experience of its engineers and asset management teams to challenge the valuer's judgements and estimates, resulting in a lower annual depreciation expense.

Figure 3A Case study 1

Managing the value and useful lives of assets

In the 2022–23 financial year, a large council in Queensland engaged the services of an independent valuer to determine the current replacement costs and the useful lives of its water and sewer assets. This valuer was also engaged for 2 previous financial years.

Over a 3-year period, the value of this council's water and sewer assets, as determined by the valuer, increased by approximately 60 per cent. In the same period, the useful lives of the assets declined.

The engineers and asset management team at this council collaborated with the valuer to understand the reason for the increase in values. They compared the values to recent projects undertaken to corroborate their cost of the construction of similar assets. They noted that the increase of their cumulative costs during this 3-year period was around 40 per cent.

The engineers and asset management team also used maintenance and repairs data to challenge the useful lives determined by the valuer. The team was able to demonstrate that the useful lives of its assets were higher than what the valuer had estimated.

In the end, by critically assessing and challenging the independent valuer's inputs, the council was able to reduce its asset value and increase the useful lives of its water and sewer assets. This resulted in a decrease of approximately **\$9 million** or 7 per cent of its total depreciation expenses.

Source: Queensland Audit Office.



Opportunities for councils

- Engage the independent valuer early – this will allow enough time for councils to review the results the valuer produces and critically challenge the inputs they use.
- Involve the engineering and asset management teams in discussions with the valuer. Their input into the estimated useful lives and overall value of the assets should deliver better outcomes.

4. Results of our audits

This chapter provides an overview of our audit opinions and the results of our audits of entities in the local government sector, timeliness of councils' financial statement certification, and the common issues that prevent councils from achieving timely financial statement certification.

Chapter snapshot



In this chapter, we discuss the audits and issues of councils that had completed their financial statements by 31 October 2024 (the statutory reporting deadline).

Financial statements are reliable. Strengthening financial controls and asset accounting processes will improve timeliness



71 audit opinions were issued for 77 councils by the date of this report

▲ 1 from 2022–23

64 of 77 councils' statements were signed by their legislative deadline

▲ 1 from 2022–23

60 audit opinions were issued for 70 council-related entities
2022–23: 49 audit opinions for 64 council-related entities.



2 prior year recommendations for councils need further action.

- Reassess their financial statement preparation process maturity level based on recent experience
- Improve valuation and asset management controls.



1 prior year recommendation for the department needs further action.

- Introduce an internal control assurance framework for councils.

[Appendix D](#) provides the full detail of all prior year recommendations made to councils and the department.

DEFINITION

We express an **unmodified opinion** when financial statements are prepared in accordance with the relevant legislative requirements and Australian accounting standards.

We issue a **qualified opinion** when financial statements as a whole comply with relevant accounting standards and legislative requirements, with the exceptions noted in the opinion.

We include an **emphasis of matter** to highlight an issue of which the auditor believes the users of the financial statements need to be aware. The inclusion of an emphasis of matter paragraph does not change the audit opinion.

Audit opinion results

Audits of financial statements of councils

As of the date of this report, we have issued audit opinions for 71 councils (2022–23: 70 councils). Of these:

- 64 councils (2022–23: 63 councils) met their legislative deadline
- 3 councils (2022–23: 4 councils) met the extended time frame granted by the Minister for Local Government – who may grant an extension to the legislative time frame where extraordinary circumstances exist
- 5 councils (2022–23: 6) that received ministerial extensions did not meet their extended time frame
- one council (2022–23: 3) that had its financial statements certified past its legislative deadline did not seek an extension from the minister.

The financial statements of councils and council-related entities are reliable

The financial statements of the councils and council-related entities for which we issued opinions were reliable and complied with relevant laws and standards.

We issued a qualified opinion for one council-related entity – Local Buy Trading Trust (controlled by the Local Government Association of Queensland Ltd). This was because we could not ensure that the revenue recorded in the financial statements was the total amount of revenue that it should have collected. We issued a qualified opinion for this entity last financial year for the same reason.

We included an emphasis of matter in the audit opinions for 4 council-related entities because:

- one was reliant on financial support from its parent entities
- 3 had decided to wind up their operations.

Not all council-related entities need to have their audits performed by the Auditor-General. [Appendix F](#) provides a full list of these entities.

Timely financial reporting will ensure that information provided to communities is current and relevant

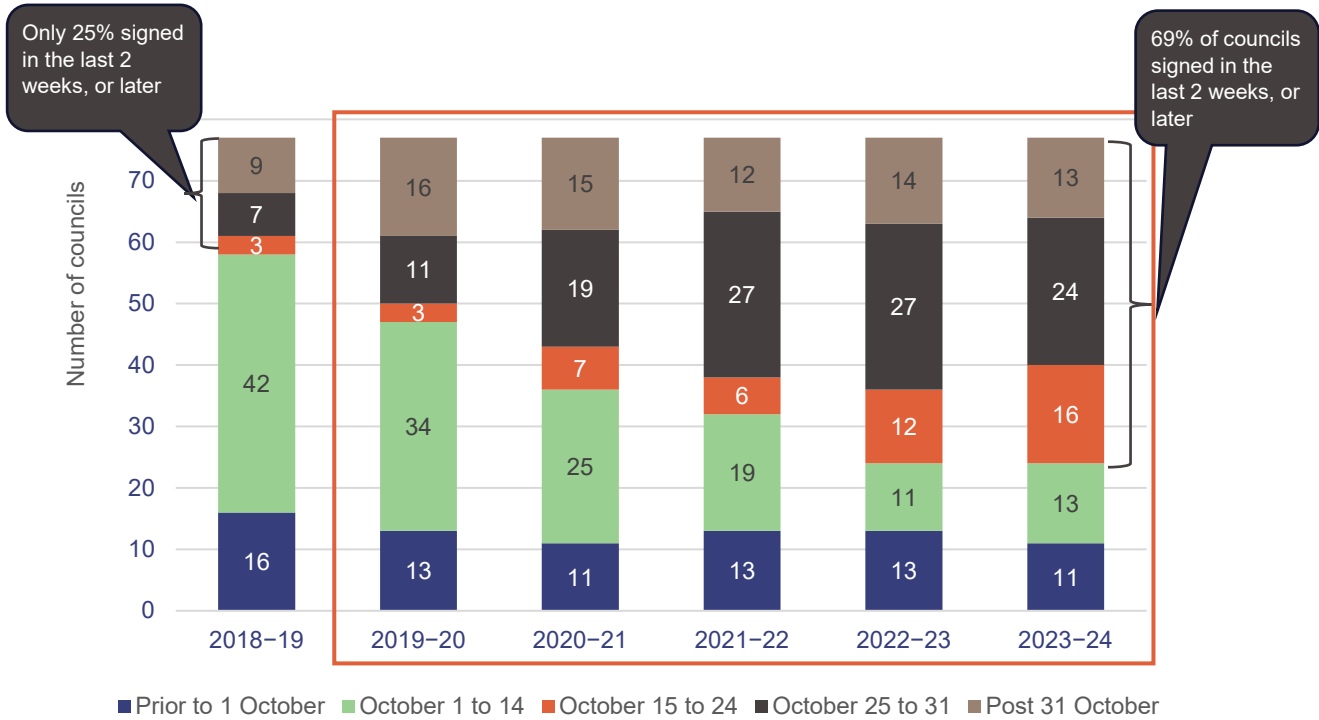
In recent years there has been a decline in councils' timely completion of financial statements, which means the information they provide to their communities and other stakeholders is not current. When the financial information is not current, it is not as relevant.

In the last 2 financial years (2022–23 and 2023–24), about **69 per cent** of councils have completed their financial statements in the last 2 weeks before the deadline or missed the 31 October statutory reporting deadline. In 2018–19, only 25 per cent of councils completed their financial statements this late.

Figure 4A shows the reduction in timeliness of financial reporting across the sector. We have compared the last 5 financial years' results to the results of the 2018–19 financial year.



Figure 4A
Certification of council financial statements – 2018–19 to 2023–24



Source: Compiled by the Queensland Audit Office.

Timely financial reporting can be achieved by planning better

Councils that prepare well in advance and ensure they have appropriate controls are more likely to achieve timely reporting. When they plan better and give themselves sufficient time, it will allow them to perform a thorough quality review of the financial statements and other information provided to the auditors. This will ensure that any errors in the financial statements are detected and amended in the correct financial year.

Each year, we agree with councils their key milestones for their financial statement processes. There are 2 key finalisation dates for the completion of the process. One is the approval and certification of the statements by the entity; the second is the issue of the audit opinion.

Councils can use the resources made available by the department (such as month-end reporting templates and a timetable to prepare for the year-end process) together with the key milestones agreed with the auditors, to assist in improving their financial reporting timeliness.



Opportunities for councils – better planning for financial statements improves quality and timeliness of financial statements

Preparing for timely financial reporting includes:

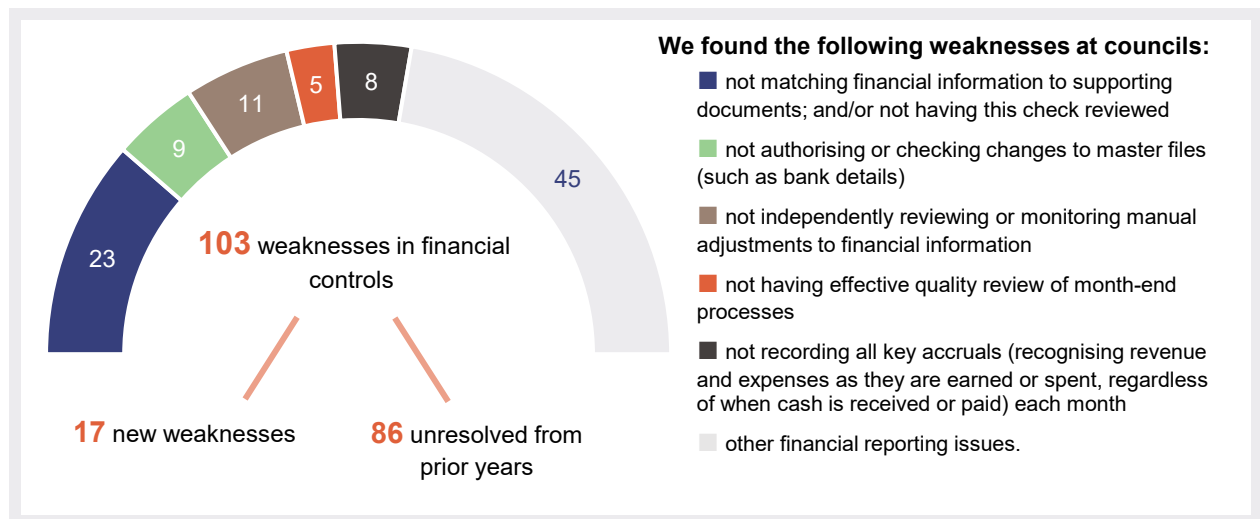
- improving financial controls, asset accounting, and valuation processes (discussed further in this chapter)
- discussing and agreeing timelines with the auditors early in the financial year, which includes detailed milestones for the provision of information to auditors
- using the templates and guidance provided by the department to improve their financial reporting processes
- collaborating with other business divisions within council to obtain the relevant information to complete the financial statements
- undertaking an internal quality review over the information and the financial statements provided to auditors
- renegotiating time frames with auditors when there are changes to agreed timelines.

Councils to improve common financial reporting issues

Strong financial controls help to prevent and correct errors earlier and assist with timely and quality financial reporting.

Although we have seen some improvements over the last financial year, as of 30 June 2024, there were **101** unresolved weaknesses (2023: 144 unresolved weaknesses) related to councils' financial controls. Of these weaknesses, **86** had been unresolved for more than 12 months.

Section snapshot 4.1



Focus on month-end processes

Strong month-end processes help assist with timely and quality financial reporting. These ensure the accuracy of council's financial records, that balances are reconciled throughout the year, and that any discrepancies and errors are identified and resolved.

Good month-end processes also ensure accurate and complete financial information is provided to the elected members, who are responsible for making financial decisions on behalf of council. Some examples of good month-end processes are provided below.



Examples of good month-end processes:

- checking key balances against supporting documents so all balances can be accurately supported in the month-end financial reports
- keeping general ledgers up to date by processing all transactions, including non-cash items such as depreciation expense, in the period in which the transaction has occurred
- having staff independent of those who prepared the reports conduct quality reviews over month-end financial reports
- providing complete information that assists councils in their decision-making process – this includes preparing monthly financial reports using accrual accounting processes.

Controls to protect against fraud

All entities should exercise due care when changes are made to supplier and employee information, also known as masterfile data. Masterfile data includes bank account details, which are susceptible to fraud. Appropriate controls help entities confirm the legitimacy of requests to change details and manage fraud risk.



Most councils have implemented protective controls; however, this year, one council became the victim of a fraud that resulted in a substantial financial loss. Several other councils were targeted, but in those instances the fraud attempts were not successful due to their strong internal controls.

In Figure 4B, we provide details of the fraud that was perpetrated against this council, which highlights the significant impacts that can arise where internal controls do not operate in the way they were designed.

Figure 4B
Case study 2

Supplier masterfile fraud – case study

In the 2023–24 financial year, one Queensland council fell victim to supplier-related fraud. This resulted in a financial loss of \$2.8 million.

In this instance, the fraudster was able to successfully change the contact details and the bank account details of a legitimate supplier.

The fraudster was able to do this through a combination of written requests, as well as through phone conversations with accounts payable team members.

Council engaged an external specialist to perform an independent investigation of the circumstances that resulted in the financial loss. The investigation identified several internal control breakdowns, including:

- lack of documentation to support changes made to supplier details in the council’s systems
- failure in the process and controls when changes were made to the supplier’s bank account
- non-compliance with the council’s policy for supplier details.

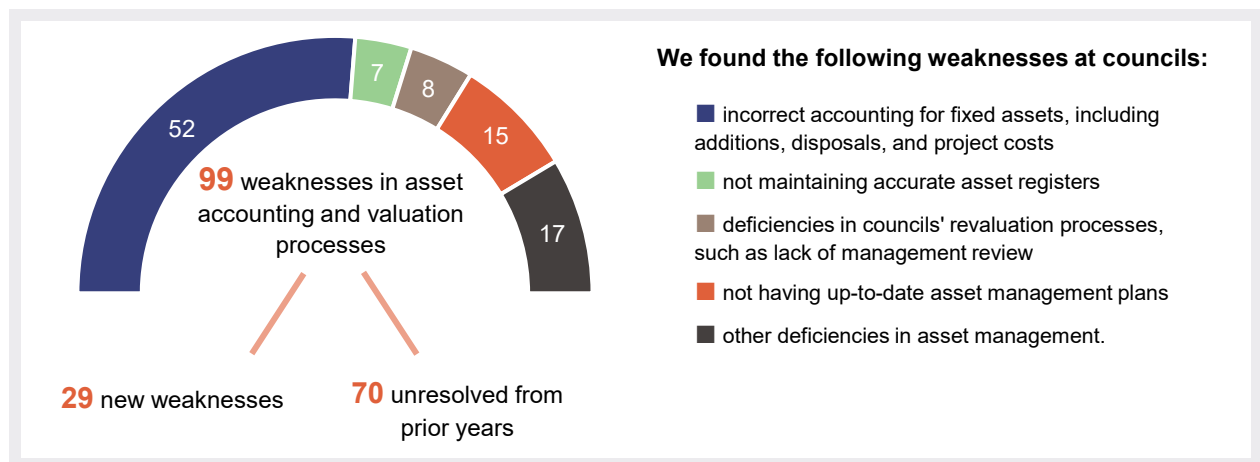
Following this investigation, the council has taken action to strengthen its processes and implement a series of new controls. These include enhancing its documentation to support changes to supplier details and developing a checklist to address the issues that led to the fraud.

Source: Queensland Audit Office.

Asset accounting and valuation processes need to improve

As of 30 June 2024, the sector managed \$142 billion of infrastructure assets. Accounting for and valuing assets is a key risk area and needs a continued focus on improvement.

Section snapshot 4.2



Common issues we continue to see with asset valuation processes include:

- delays in engaging with external valuers in determining fair values and useful lives
- not providing clear instructions to the valuer on what assets to value
- not undertaking a thorough review of information provided by external valuers, resulting in several errors
- not challenging the valuer's estimates and judgements in line with council's own experience in constructing similar assets.

Incorrect and inaccurate asset data has resulted in councils having to recognise found assets (assets that councils have owned but not previously reported in their financial statements) every year. Although, in some instances found assets have also been identified because of councils undertaking data cleansing exercises to improve their asset data.

In 2023–24, 12 councils combined identified \$255 million (\$190 million in 2022–23) of found assets and reported them for the first time in their financial statements. These councils had to restate their prior year financial statements to reflect the correct amount of assets that should have been recognised.

Some found assets have been donated to councils, either by another level of government or by property developers that undertake various developments in council areas. To recognise these donated assets, councils need to work collaboratively with their:

- town planning/development services team – which manages the developer's progress on the project
- engineering team – which provides certification on the quality of assets donated by the developer before council can assume ownership of the assets
- finance team – which accounts for these donated assets in the financial statements.

The main reason for councils recognising found assets each year is due to:

- not having good quality asset data – it is either incomplete or outdated
- a lack of adequate collaboration between respective teams in the council (listed above)
- councils not undertaking periodic reconciliation of the assets recorded in the financial systems and the assets held in geographical information systems (which are used to capture, store, and manage detailed components of assets, including their geographical location).

From 2019–20 to 2023–24, the sector has identified approximately \$1.2 billion in found assets

In June 2023, we published a blog on *Asset management – where do I start?*, which is available on QAO's website: www.qao.qld.gov.au/blog. This blog provides guidance on how public sector entities can ensure completeness of assets – which in turn leads to improved asset accounting.

We highly encourage councils to read this blog and implement any appropriate changes to their processes.



Opportunities for councils – improve asset accounting processes

- Undertake regular reconciliations of the assets recorded in their finance systems and geographical information systems.
- Early collaboration and communication between town planning/development services, engineering, and finance personnel to record assets in a timely manner.
- Engage with valuers earlier and provide them with clear instructions for the valuation process.
- Critically assess and challenge the inputs and estimates used by the valuer in determining the asset values and useful lives.



Update on entities that missed the statutory deadline in the 2022–23 financial year

At the time we compiled *Local government 2023* (Report 8: 2023–24), 14 councils and 17 controlled entities had not completed their financial statements. Since then, the following councils and controlled entities have completed their financial statements as shown in Figure 4C and Figure 4D.

Figure 4C
Councils that have completed their financial statements and the type of audit opinion issued

Council	Financial year	Date audit opinion issued	Type of opinion issued
Mornington Shire Council	2021–22	16.05.2024	Unqualified
Northern Peninsula Area Regional Council	2021–22	20.05.2024	Unqualified
Palm Island Aboriginal Shire Council	2021–22	15.05.2024	Qualified ¹
Barcaldine Regional Council	2022–23	16.02.2024	Unqualified
Blackall-Tambo Regional Council	2022–23	12.12.2023	Unqualified
Burke Shire Council	2022–23	30.11.2023	Unqualified
Cloncurry Shire Council	2022–23	24.05.2024	Unqualified
Cook Shire Council	2022–23	15.12.2023	Unqualified
Diamantina Shire Council	2022–23	31.01.2024	Unqualified
Etheridge Shire Council	2022–23	15.11.2023	Unqualified
Gympie Regional Council	2022–23	30.11.2023	Unqualified
Lockhart River Aboriginal Shire Council	2022–23	14.11.2023	Unqualified
Mornington Shire Council	2022–23	20.12.2024	Unqualified
Wujal Wujal Aboriginal Shire Council	2022–23	12.12.2023	Unqualified

Note: ¹ Council was unable to provide sufficient evidence of the completeness for its lease and motel revenue, service charges and landing fees, accommodation income, and employee expenses.

Source: Queensland Audit Office.



Figure 4D
Controlled entities that have completed their financial statements and
the type of audit opinion issued

Entity	Financial year	Date audit opinion issued	Type of opinion issued ¹
Western Queensland Local Government Association	2021–22	23.05.2024	Unqualified with an emphasis of matter
Ipswich Arts Foundation	2022–23	05.03.2024	Unqualified
Mackay Region Enterprises	2022–23	09.11.2023	Unqualified with an emphasis of matter
Mount Isa City Council Owned Enterprises Pty Ltd	2022–23	21.02.2024	Unqualified
NQ Spark Pty Ltd	2022–23	24.09.2024	Unqualified with an emphasis of matter
TradeCoast Land Pty Ltd	2022–23	07.02.2024	Unqualified with an emphasis of matter
Council of Mayors SEQ Pty Ltd	2022–23	08.03.2024	Unqualified
Major Brisbane Festivals Pty Ltd	2022–23	31.05.2024	Unqualified
SEQ Regional Recreational Facilities Pty Ltd	2022–23	18.03.2024	Unqualified
Townsville Breakwater Entertainment Centre Joint Venture	2022–23	24.01.2024	Unqualified with an emphasis of matter
Western Queensland Local Government Association	2022–23	28.05.2024	Unqualified with an emphasis of matter

Note: ¹ Refer to Appendix E for further details on the various emphasis of matters.

Source: *Queensland Audit Office*.



5. Internal controls at councils

In our audits, we assess whether the systems, people, and processes (internal controls) used by entities to prepare financial statements are reliable. In this chapter, we report on the effectiveness of councils' internal controls and provide areas of focus for them to improve on.

When we identify weaknesses in the controls, we categorise them as either deficiencies (those of lower risk that can be corrected over time) or significant deficiencies (those of higher risk that require immediate action by management). We report any weaknesses in the design or operation of those internal controls to management for their action.

Chapter snapshot



In this chapter, we discuss the deficiencies we reported to councils by the 31 October 2024 statutory reporting deadline.

52 new significant deficiencies raised with councils during the year (34 in 2022–23)





162 unresolved significant deficiencies at the end of the year (121 in 2022–23)

11 significant deficiencies resolved by councils (27 in 2022–23)

809 deficiencies in total regarding internal controls (751 in 2022–23)



2 new recommendations to councils

-  Implement policies and procedures for ex-gratia payments
-  Assess the financial and operational impacts of climate risk

11 prior year recommendations to councils that need further action

Recommendations made in the prior years relate to:

- governance and overall control environment
- information systems vulnerabilities
- procurement and contract management practices
- risk management processes.



1 new recommendation to the department

-  Develop guidance material on ex-gratia payments

[Appendix D](#) provides the full detail of all prior year recommendations made to councils and the department.

Guidance needed for ex-gratia payments made by councils

The local government elections held in March 2024 resulted in significant changes across Queensland councils.

Figure 5A
Changes across Queensland councils following the 2024 election



Source: Queensland Audit Office.

Elected officials (mayors and councillors) and chief executive officers are responsible for setting the strategic direction, tone, and culture of an organisation and influencing its governance practices.

There is often a significant change to chief executive officers (CEOs) and other executives after local elections, as highlighted above from the 2024 elections.

During periods of leadership change, councils need extra safeguards and controls. An audit committee and internal audit function can support governance and oversight.

30 councils have a new CEO following the 2024 local government elections

Termination payments were made to some executives over and above their entitlements

Chief executive officers and other executive leaders are usually employed under contracts that identify what they are entitled to upon termination of their employment.

Termination payments typically include accrued leave, and any termination benefits such as long service leave payouts. In some instances, they also include severance payments for early termination of their contracts. For executives that are key management personnel – those who are involved in strategic decision making for councils – details of their remuneration and other benefits, including termination benefits, are separately disclosed in the council's financial statements.

In 2023–24, councils collectively paid \$6.4 million in termination payments to key management personnel. Included in these termination payments were amounts totalling to **\$1.4 million** paid over and above what these executives were entitled to under their employment contracts. These amounts are referred to as 'ex-gratia' payments.

There were also ex-gratia payments made to employees that exited councils during the year. These employees were not considered key management personnel and, therefore, their payments are not separately disclosed in the financial statements. As such, the actual level of ex-gratia payments made across the sector was higher.



The financial reporting requirements mandated by Queensland Treasury for state public sector entities require ex-gratia payments to be disclosed in the financial statements. There are currently no such requirements for local governments in Queensland. This means there is limited transparency when councils make these payments.

Ex-gratia payments are often made using non-disclosure agreements. The nature of these agreements means the terms of the payment cannot be discussed or shared without permission. There may be legitimate reasons why these agreements are made, but they do decrease transparency and increase the risk of fraud and wrongdoing. Entities should consider whether they are required in each circumstance.

The Crime and Corruption Commission's publication *Use of non-disclosure agreements – what are the corruption risks?* raises concerns over the use of non-disclosure agreements, particularly in employee separation settlements. The commission raised concerns that they may be used to conceal suspected wrongdoing or make payments that are unjustified or excessive.

Entities lack clear guidance for ex-gratia payments

The common issue we identified is that there is no clear policy or guidance in place to outline:

- when these types of ex-gratia payments are appropriate
- the basis for determining the amount paid
- who can approve them.

Recommendation to all councils

Implement policies and procedures to ensure ex-gratia payments are appropriate and defensible, and the decisions made to make such payments are transparent.

Consider the appropriateness of using non-disclosure agreements when making such payments

1. We recommend that all councils implement policies and procedures that specify when ex-gratia payments (which an entity is not legally required to make under a contract or otherwise) are appropriate. The policies and procedures should outline:
 - who is authorised to approve ex-gratia payments
 - under what circumstances is it appropriate for such payments to be made
 - documentation to support
 - the reason and nature of the payment
 - the amount, including supporting calculations
 - when it is appropriate to enter into non-disclosure agreements in making such payments.

Recommendation to the department

Develop guidance material on ex-gratia payments for local governments

4. We recommend that the department develops guidance material for councils to determine when ex-gratia payments are made. The guidance should:
 - include expectations for internal governance
 - specify the required documentation, including supporting calculations, to support ex-gratia payments
 - specify the financial reporting and disclosure requirements
 - address the use of non-disclosure agreements and the circumstances when these would be appropriate.

More control deficiencies were identified this year

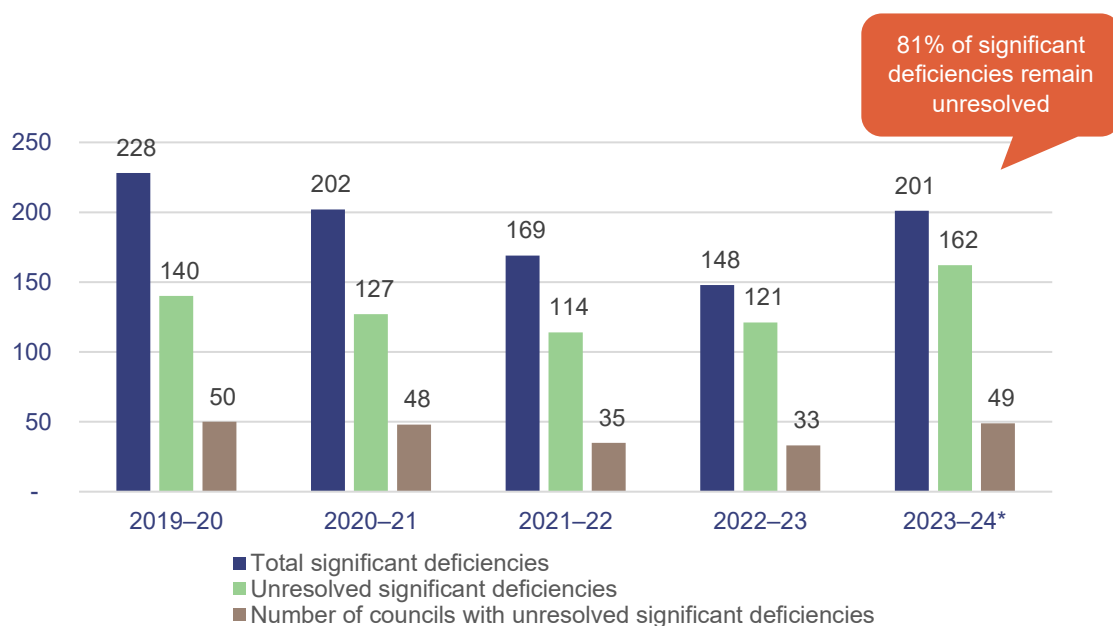
This year, the sector had more than **200** significant deficiencies that were either new or unresolved from previous years. This is the highest number of unresolved significant deficiencies that the sector has had since the 2019–20 financial year.

As of 30 June 2024, **81** per cent of these significant deficiencies remain unresolved from prior years.

The number of councils with significant deficiencies has also increased in the 2023–24 financial year, with 49 councils (2023: 33 councils) having at least one unresolved significant deficiency.

Figure 5B shows the total significant deficiencies and unresolved significant deficiencies across the sector.

Figure 5B
Total significant deficiencies and unresolved significant deficiencies from 2019–20 to 2023–24



Note: * Number of significant deficiencies reported for 2023–24 includes significant deficiencies from 2020–21, 2021–22, and 2022–23 for councils that completed their financial statements since we tabled *Local government 2023* (Report 8: 2023–24) in January 2024.

Source: Queensland Audit Office.

Significant deficiencies can result in financial and/or reputational losses and increase the risk of fraud in an organisation. As reported in the recent QAO blog, *How understanding the ‘fraud risk triangle’ can reduce employee fraud risk* (available at www.qao.qld.gov.au/blog), employee-committed frauds in organisations have been on the rise, especially in the last few years.

Audit committees and internal audit support strong control environments

We continue to find that most of the unresolved significant deficiencies that have been outstanding for more than a year are in councils that do not have strong governance. Governance relates to the structures, processes, and practices through which a council is managed, controlled, and held accountable. Audit committees and internal audit are elements of good governance.

Figure 5C below shows that councils that do not have an audit committee and/or an internal audit function have a higher proportion of unresolved significant deficiencies.

Figure 5C
Councils without an audit committee and/or internal audit function and the total number of unresolved significant deficiencies in these councils

<p> Audit committees</p> <p>As of 30 June 2024:</p> <ul style="list-style-type: none"> • 12 councils¹ (2023: 13 councils) did not have an audit committee function at all. • 2 councils had audit committees that did not meet in 2023–24 – meaning they were not active. • 92 per cent (2023: 87 per cent) of council audit committees had an independent chair. <p><small>¹ Includes one council whose audit committee ceased during the year.</small></p>	<p> Internal audit</p> <p>As of 30 June 2024:</p> <p>11 councils (2023: 9 councils) did not have an effective internal audit function. This is made up of:</p> <ul style="list-style-type: none"> • 6 councils that did not have an internal audit function. • A further 5 councils did not undertake any internal audit activity.
<p>Those councils with no audit committee function, or audit committees that did not meet, had a combination of 86 unresolved significant deficiencies (53 per cent of all unresolved significant deficiencies).</p>	<p>These councils combined had 55 unresolved significant deficiencies (34 per cent of all unresolved significant deficiencies).</p>
<p>8 councils do not have either an audit committee or an internal audit function. These councils combined have 51 unresolved significant deficiencies as of 30 June 2024.</p>	

Source: Queensland Audit Office.

What do audit committees do?

An effective audit committee plays a pivotal role in providing oversight to management to help fulfil responsibilities relating to financial reporting, internal control systems, risk management systems, and internal audit.

In *Insights on audit committees in local government* (Report 10: 2024–25), we explore the role of audit committees and the benefits they can provide to Queensland’s local governments.

What does internal audit do?

An active internal audit function is a mandatory requirement for all councils under the Local Government Regulation 2012. An effective internal audit function provides unbiased assessments of operations and continuous review of the effectiveness of governance, risk management, and control processes. Internal auditors evaluate risks and can assist in establishing effective fraud prevention measures by assessing the strengths and weaknesses of controls.

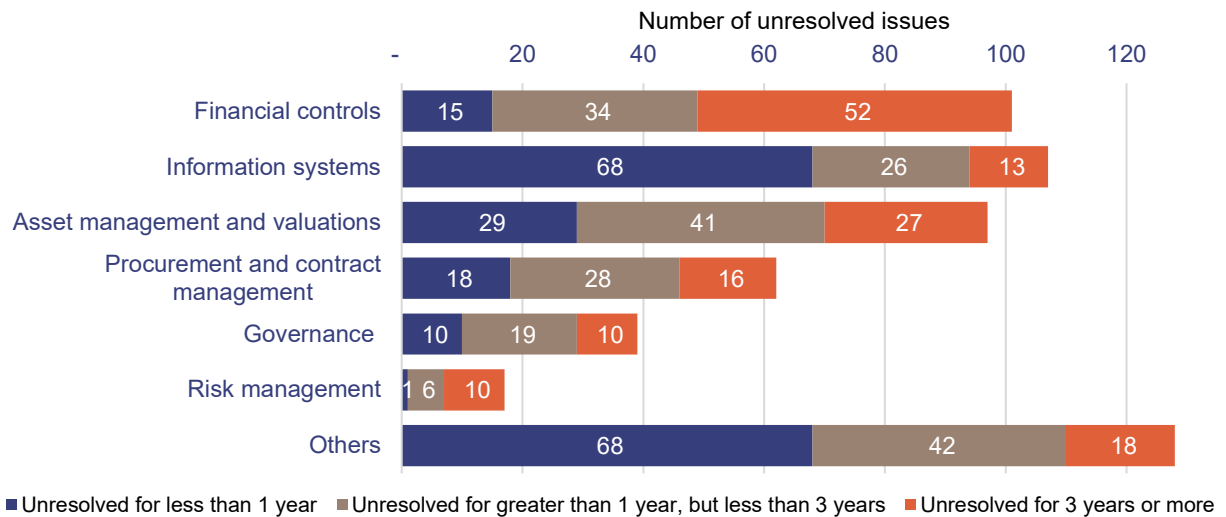
While the regulation does not specify what the internal audit function must cover, to properly evaluate councils’ risks, it should focus on more than just financial operations.

We plan to survey the sector for our next local government report to better understand what work is being performed by internal audit. This should identify potential gaps that councils can address to improve their internal capabilities and better manage risks.

Common internal control weaknesses

Each year, as a part of our audit, we assess the control environment of the sector. Weaknesses in the control environment are reported to the councils. In Figure 5D, we have shown the sector’s control weaknesses grouped by themes and the number of years they have remained unresolved.

Figure 5D
Common internal control weaknesses unresolved as of 30 June 2024

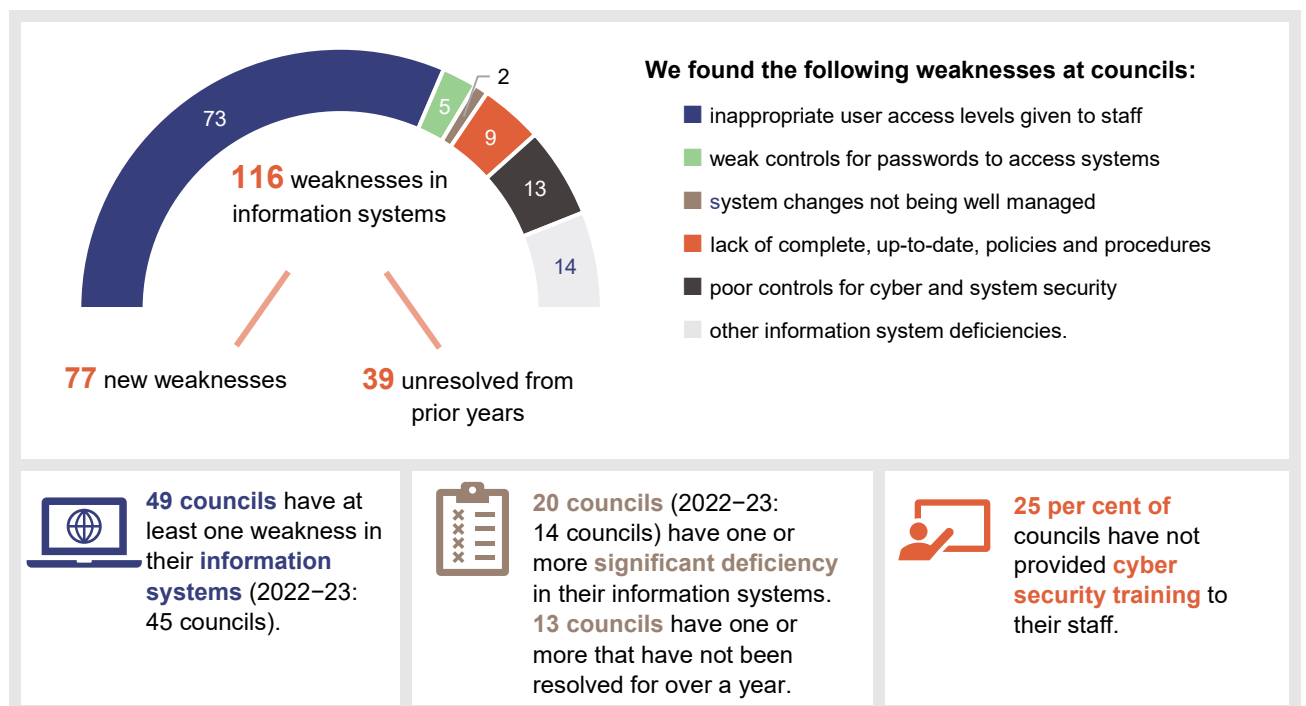


Source: Queensland Audit Office.

We discussed weaknesses in financial controls and asset management in Chapter 4. In this chapter, we cover the other common internal control weaknesses shown in Figure 5D above.

The sector’s information systems are vulnerable

Section snapshot 5.1



Source: Queensland Audit Office.



Councils rely on their information systems for their day-to-day operations. This year, we identified **77** new weaknesses (2023: 66) in these systems. Resolving these deficiencies in a timely manner will strengthen their information systems and make them less vulnerable to cyber attacks.

One of the most common reasons organisations are victims of cyber attacks is that their staff are not appropriately trained to identify and respond to potential threats. **Eleven** councils (2023: 17 councils) did not provide mandatory cyber security training to their staff this year and **9** councils have not updated their staff on the risk of cyber attacks for more than a year.

To help entities improve their controls over their information systems, we have tabled 2 reports: *Managing cyber security risks* (Report 3: 2019–20) and *Responding to and recovering from cyber attacks* (Report 12: 2023–24). Councils should consider the recommendations in these reports and implement those applicable to them.

Cyber risks are often increased when councils engage third-party service providers to manage their information systems. Our *Forward work plan 2024–27* includes a future audit covering this area.



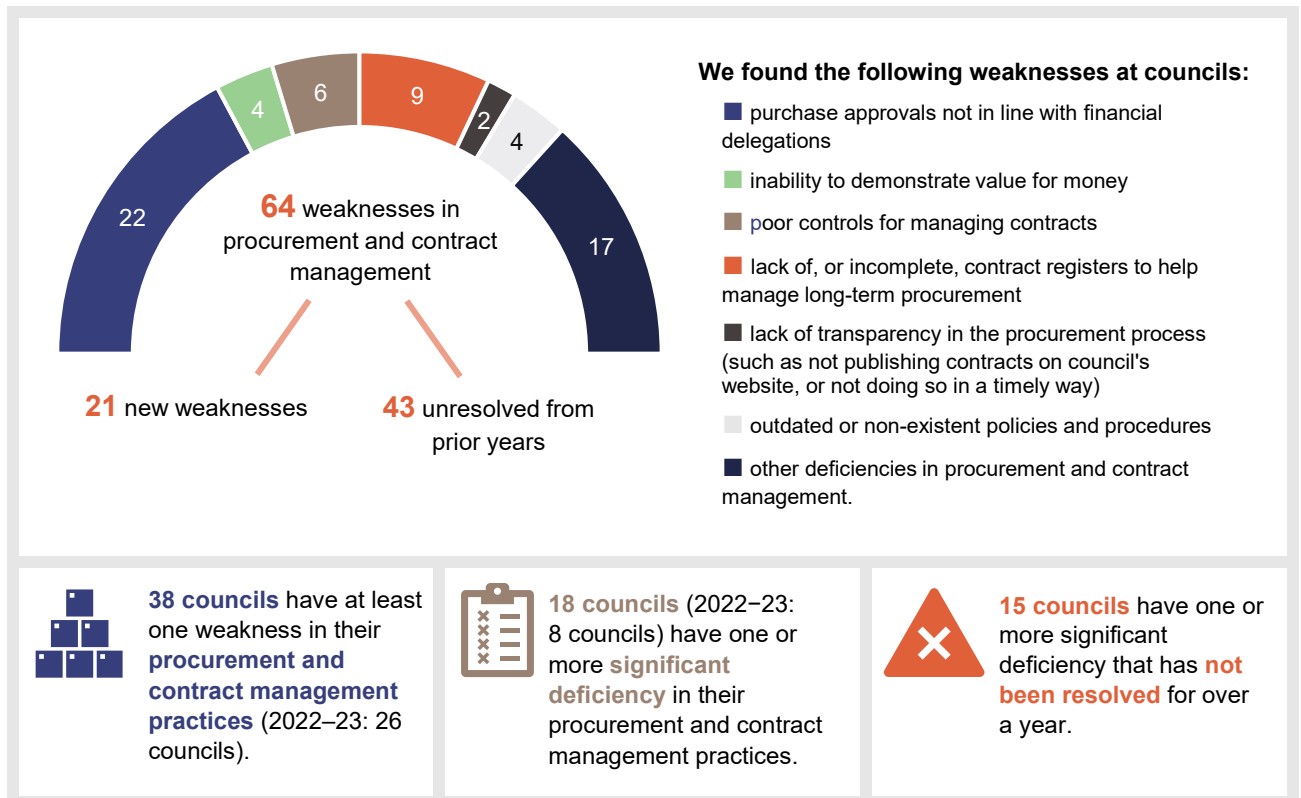
Opportunities for councils – make use of appropriate resources

The department, in collaboration with the Queensland Chief Customer and Digital Officer (QGCDO), has been educating councils on the services and assistance that the QGCDO can offer the local government sector.

We strongly encourage councils to use this service and the assistance available to them.

Procurement and contract management processes need to improve

Section snapshot 5.2



Source: Queensland Audit Office.



Over the last 5 years (2019–20 to 2023–24), councils have, on average, spent \$9 billion each year for operational and capital (major projects) purposes. Almost **50** per cent of councils have at least one weakness in their procurement and contract management processes.

Obtaining value for money in the procurement process is important for councils, who are accountable to the community. Better value for money can be derived by implementing strong:

- procurement controls – prior to acquiring goods and services, such as obtaining multiple quotes to ensure the pricing you obtain is competitive
- contract management controls – after acquiring goods and services, like evaluating supplier performance to ensure that the supplier has delivered what it promised and within the time frames specified.

A contract register is a critical control that supports councils to budget for committed costs, track their obligations, and prepare for contracts ending ahead of time.

A well-maintained contract register can help manage contract variations by providing a centralised repository to track all changes made to existing contracts, including:

- details about the nature of the variation
- the reason for the change
- any cost or schedule impacts
- the updated terms.

This will allow easier monitoring and control of contract modifications across an organisation.

Five councils (2023: 5 councils) did not have a contract register or did not have a complete contract register at the time of our audit. These councils combined spent **\$936 million** in the 2023–24 financial year in procuring various goods and services.



Content of a good contract register

At a minimum, a contract register should include:

- the start and end dates of the contract
- the total contracted amount and annual amounts
- the contract manager assigned to the contract
- a link to or reference to a copy of the contract
- a trigger date for renewal to ensure an appropriate procurement process can be followed.

The Queensland Audit Office (QAO) maturity model

When we tabled *Local government 2022* (Report 15: 2022–23), we published a maturity (procure-to-pay) model that councils can use to assess their procurement and contract management practices. It is available on our website at www.qao.qld.gov.au/reports-resources/better-practice. It aims to help councils identify and implement improvement opportunities. In that report we recommended that councils undertake a self-assessment of their practices using this model.

As of 30 June 2024, only **29** councils had undertaken this self-assessment to determine their strengths and identify opportunities for improvement.





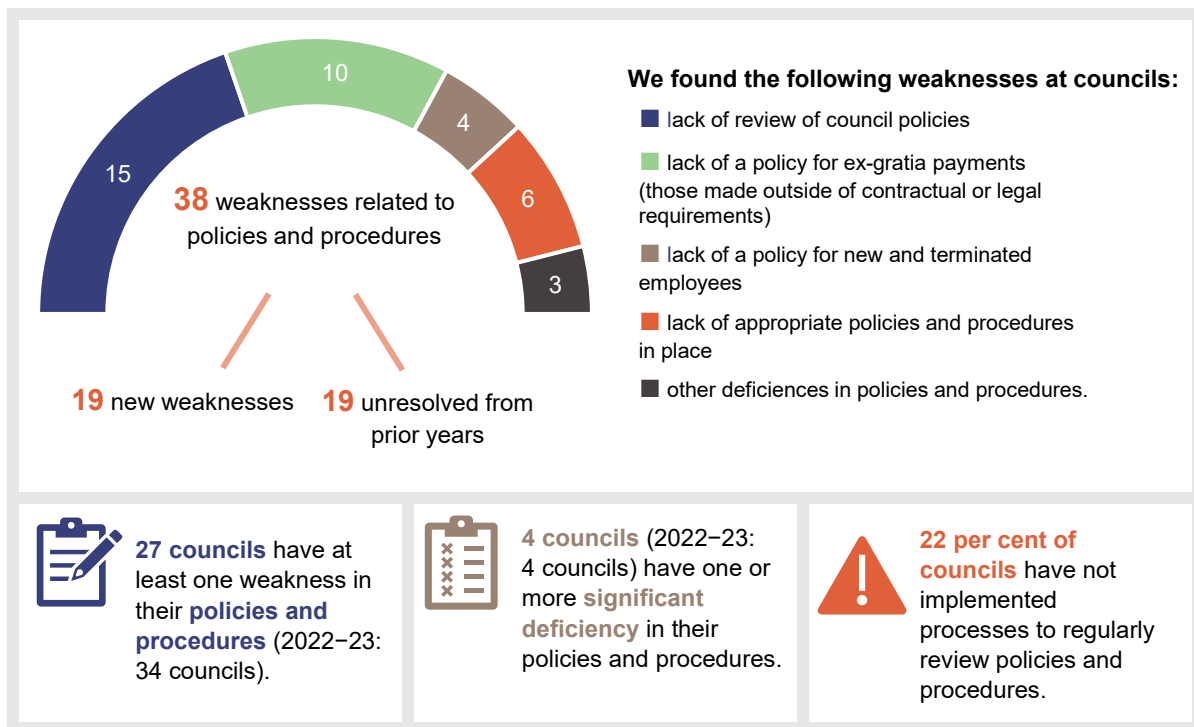
Opportunities for councils – strengthen procurement and contract management controls

Councils should:

- maintain an up-to-date contract register to better manage contracts and plan for contract renewals
- complete the QAO procurement maturity model to identify strengths and improvement opportunities in their procurement and contract management processes.

Councils need to ensure they have up-to-date policies and procedures

Section snapshot 5.3



Source: Queensland Audit Office.

Policies and procedures help shape a council's culture and ensure appropriate employee conduct and internal controls. Policies define rules, while procedures explain how to follow those rules.

As of 30 June 2024, we had identified **19** weaknesses (2023: 17) across the sector where councils do not have policies and procedures in place or have outdated policies and procedures that do not meet their business needs.

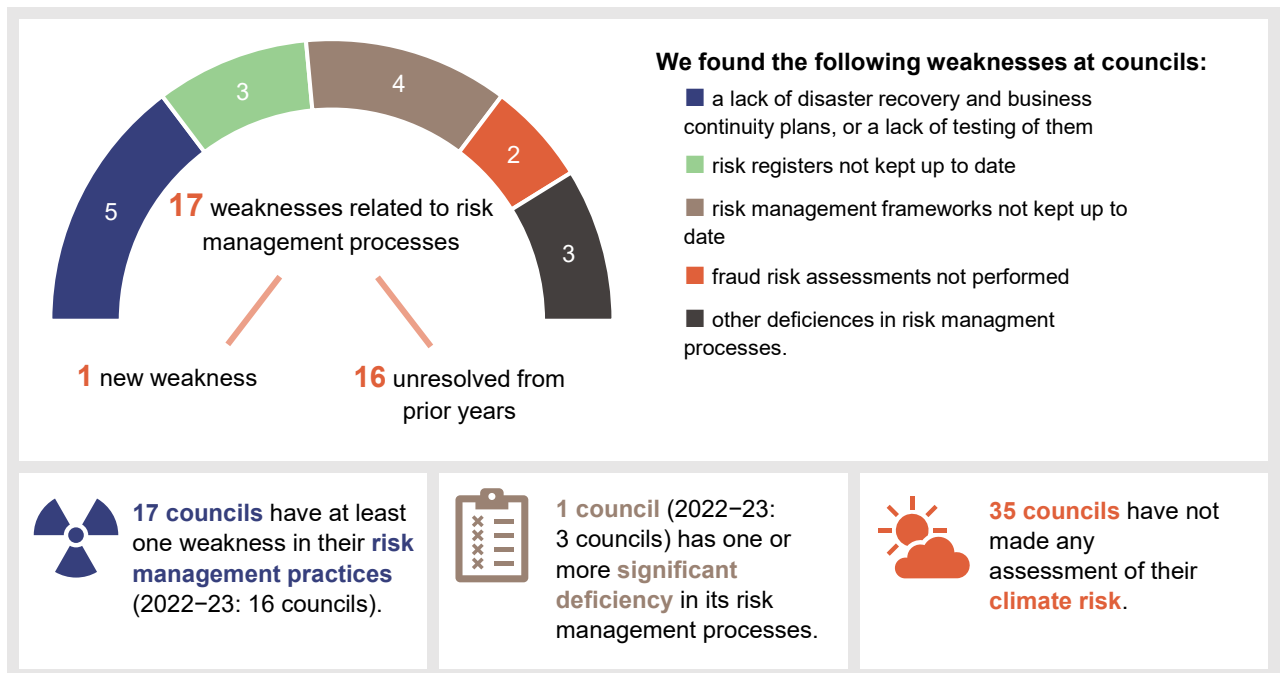
Having good policies and procedures will promote consistent practices. They also allow good decision making and prevent financial loss or non-compliance with legislation.

With the recent local government elections, there are now elected members and chief executive officers who may be new to local government, or to a particular council. Up-to-date policies and procedures will help on-board the elected members and chief executive officers and provide a framework that ensures compliance with legal and other obligations, including sound internal controls.



Councils have not acted on recommendations to improve risk management processes

Section snapshot 5.4



Source: Queensland Audit Office.

We only identified one new deficiency with risk management controls in the 2023–24 financial year, but there are several longstanding deficiencies councils have not addressed. Strong and robust risk management practices will assist councils in mitigating the risks they face and in achieving their strategic objectives.

Climate risk

Councils potentially face climate-related challenges such as heatwaves, droughts, bushfires, and rising sea levels that could damage their assets, disrupt essential community services, affect local industries, and pose health risks to their communities.

In 2022–23, we surveyed councils to understand how mature the sector’s knowledge of climate risk was. Only **38** councils (approximately 50 per cent) recognised the impact of climate as a key risk they needed to manage.

In September 2024, the Australian Accounting Standards Board issued 2 new sustainability standards on climate reporting. These standards are not mandatory for local governments in Queensland.

The department is expected to provide guidance to councils if these standards become applicable to the sector. In preparation, councils should consider climate risk as a part of their strategic and operational planning and put measures in place to mitigate this risk. This would assist councils in not only managing this risk well but also in being better prepared for disclosing information required in the financial statements.



Recommendation for all councils

Assess climate risks and add them to their risk registers




- We recommend that councils assess climate risks and develop strategies to address them.
They should consider updating their strategic plans, risk registers, and long-term budgets to reflect the financial and operating impacts of these risks.

Update on entities that missed the deadline for last year's report

At the time we compiled *Local government 2023* (Report 8: 2023–24), 14 councils had not completed their financial statements.

Since then, 11 of these 14 councils have completed the financial statements, and our audit identified **9** new significant deficiencies and 25 new deficiencies in their internal control processes.

The 9 new significant deficiencies are as follows:

 Financial controls	 Procurement	 Other issues
3 significant deficiencies noted with respect to month-end processes, including not appropriately checking changes to supplier bank account details* and managing grants	2 significant deficiencies noted with respect to councils not following procurement policy	4 significant deficiencies noted with respect to compliance with laws and regulations and record keeping

Note: * This topic is addressed in Chapter 4.

6. Financial performance

This chapter analyses the financial performance of councils, with emphasis on their financial sustainability. This is measured against the *Financial Management (Sustainability) Guideline (2024)*, issued by the Department of Local Government, Water and Volunteers (the department).

Chapter snapshot



As 13 councils did not meet their 31 October statutory reporting deadline, we collated the financial information discussed in this chapter from the most recent certified financial statements available as of 31 October 2024.

\$17 billion

Revenue

▲ 8% from 2022–23

\$14 billion

Expenses

▲ 9% from 2022–23

\$178 billion

Assets

▲ 11% from 2022–23

\$14 billion

Liabilities

▲ 5% from 2022–23



6 new audited financial sustainability measures

Operating surplus ratio

Operating cash ratio

Asset consumption ratio

Unrestricted cash expense cover ratio

Asset sustainability ratio

Leverage ratio



1 prior year recommendation to councils that needs further action

- Include in their asset management plans proposed timing and cost of their capital projects, including the cost of maintaining these assets over their whole lives.



1 new recommendation to the department

- Amend the sustainability guideline to include the asset consumption ratio for each asset class.

2 prior year recommendations to the department need further action

- Determine the minimum expected requirements and include the qualitative measures of council sustainability
- Develop a methodology to determine the overall sustainability risk of councils.

[Appendix D](#) provides the full details of all prior year recommendations we have made to councils and the department.



Financial sustainability in local government

Financial sustainability in local government is a very topical issue across Australia. It has attracted so much attention in the last few years that the Australian Government is conducting a nationwide inquiry into local government sustainability (www.aph.gov.au/LocalGovernmentSustainability).

All local governments receive grants (known as financial assistance grants) for their day-to-day operations. These grants supplement the revenues of councils and form a substantial part of the sector's funding.

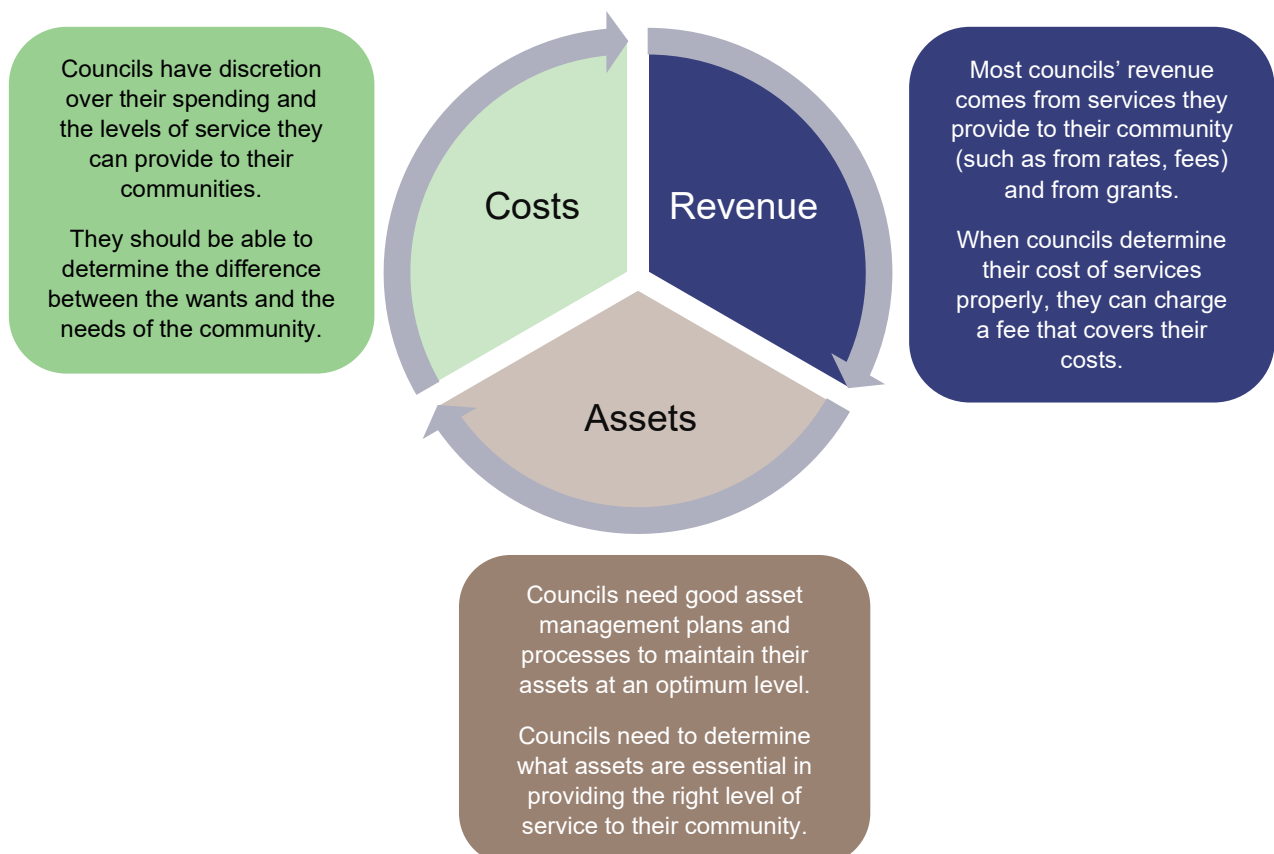
The financial assistance grants (FA grants) are allocated to each council based on a determination by the Grants Commission – an independent body appointed by the Governor of Queensland, with funding received from the Australian Government.

Councils were originally set up to provide 4 essential services to their community: roads, water, waste collection, and wastewater. However, in regional Queensland (which makes up 70 per cent of the councils in terms of numbers), they also provide various other services such as airports, child care, and aged care centres.

These services are typically delivered by private sector providers in larger cities and towns where there is enough population to avail these services. In regional communities, due to their low population, these services are not attractive business propositions for private service providers. If councils did not provide the services, they may not be available to the community.

The cost of providing these services is often much higher than the fee that councils charge their community. As such, being financially sustainable has increasingly become a challenge for most councils in Queensland. Figure 6A explains the 3 key components of financial sustainability and councils' ability to control them.

Figure 6A
Components of financial sustainability



Source: Queensland Audit Office.

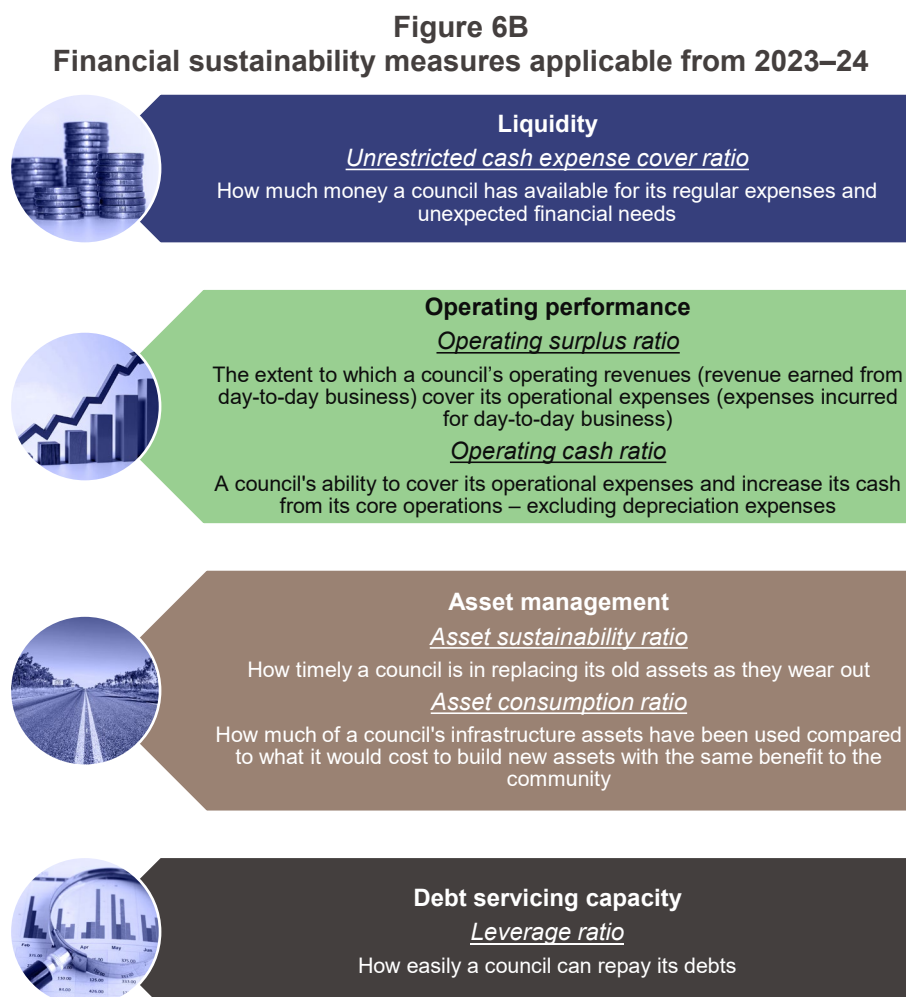
Managing all of these components effectively is key to being financially sustainable. However, councils also need:

- good governance (such as an audit committee and an internal audit function – explained in Chapter 5)
- strong internal control frameworks in which significant deficiencies are resolved in a timely manner (also explained in Chapter 5)
- commitment from elected members and executives at councils (as the primary decision-makers) to make financial decisions that are in the best interest of the council in the long term.

New sustainability measures provide more clarity, but an overall measure is needed

The department has introduced the *Financial Management (Sustainability) Guideline (2024)* (the sustainability guideline), which was implemented in the sector in the 2023–24 financial year.

The sustainability guideline includes several ratios that provide councils with meaningful ways to measure financial sustainability risk. Figure 6B provides a summary of the ratios, which councils now must report on in their financial statements.



Note: Refer to [Appendix J](#) for details of the various benchmarks for these ratios.

Source: Queensland Audit Office.



The sustainability guideline groups councils into tiers – based on their remoteness, population, and common sustainability challenges they face. Each tier has different benchmarks assigned for the ratios.

Along with the sustainability guideline, the department has also published a financial sustainability risk framework (risk framework). The risk framework considers the above ratios and a number of qualitative measures (such as the existence of an audit committee and an internal audit function) to assess financial sustainability risk.

The risk framework does not assess all ratios collectively or assign an overall measure of risk. A recommendation was made to the department in *Local government 2023* (Report 8: 2023–24) to amend its risk framework, which the department accepted.

Financial sustainability measures for the year, by tiers

In Figure 6C, we summarise how many councils met the benchmark for each ratio under the sustainability guidelines. We have only included the 6 ratios that have a measurable benchmark.

Figure 6C
Results of councils' financial sustainability measures for the year, by tier

Tier	Result	Operating surplus ratio	Operating cash ratio	Unrestricted cash expense cover ratio	Asset sustainability ratio	Asset consumption ratio	Leverage ratio ¹
Tier 1 (1 council)	Met	1	1	1	1	1	1
	Not met	-	-	-	-	-	-
Tier 2 (11 councils)	Met	6	11	10	10	11	11
	Not met	5	-	1	-	-	-
Tier 3 (7 councils)	Met	3	7	7	4	7	7
	Not met	4	-	-	3	-	-
Tier 4 (11 councils)	Met	5	11	10	9	11	9
	Not met	6	-	1	2	-	-
Tier 5 (7 councils)	Met	7	7	6	6	7	5
	Not met	-	-	1	1	-	-
Tier 6 (7 councils)	Met	N/A ²	7	3	2	7	6
	Not met	N/A ²	-	4	5	-	1
Tier 7 (14 councils)	Met	N/A ²	14	10	5	14	7
	Not met	N/A ²	-	4	9	-	2
Tier 8 (6 councils)	Met	N/A ²	5	4	-	5	-
	Not met	N/A ²	1	2	6	1	1
Total (64 councils)	Met	22	63	51	37	63	46
	Not met	15	1	13	27	1	4

Notes:

The above table does not include 13 councils that had not completed their financial statements by the 31 October 2024 statutory deadline.

¹ Only applicable for councils that have borrowings.

² Councils in tiers 6–8 do not have a benchmark for measuring their operating surplus ratios.

Source: Compiled by the Queensland Audit Office, from councils' certified financial statements available 31 October 2024.

Councils’ operating results have been affected by the timing of federal government grants

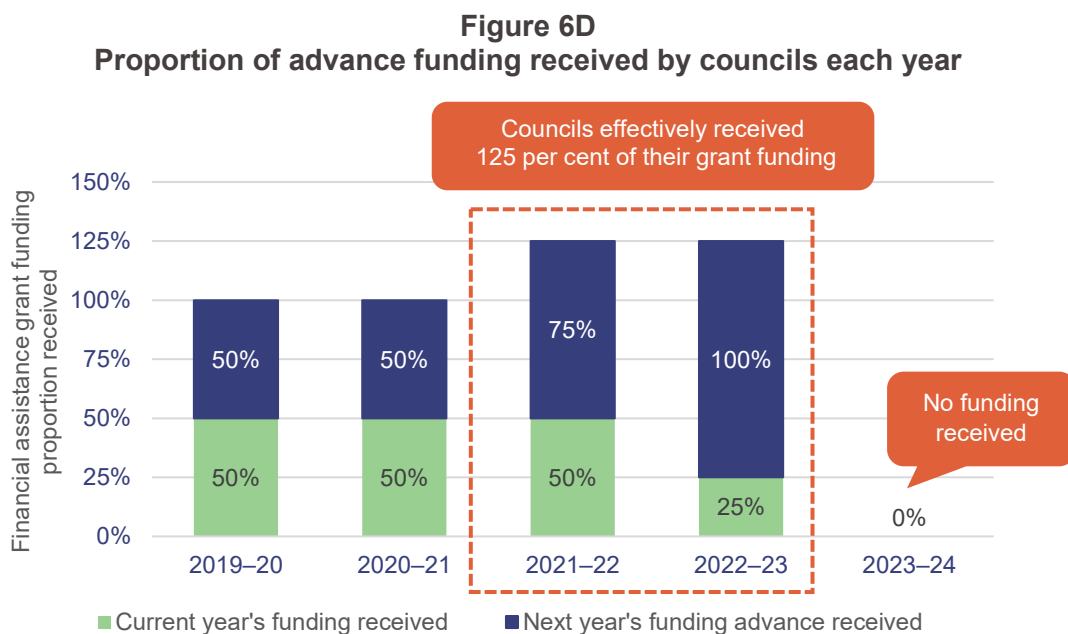
The financial assistance grants (FA grants) that local government receive are ‘untied’ grants, which means they do not have any conditions attached to them, and councils are free to use them for any purpose they deem fit. Accordingly, under the Australian accounting standards, these grants are recognised as revenue in the year in which they are received.

The total amount of funding, the main basis for the formulas for allocation, and the timing of the payment is determined by the Australian Government. The Queensland Government facilitates the payment.

Historically, councils have received their FA grants each year in the following manner:

- 50 per cent of their funding for the year has been received in the year the grant relates to
- 50 per cent has been received as an advance of what they are entitled to for the next year.

At the direction of the Australian Government, in the financial years 2021–22 and 2022–23, councils received 125 per cent of their FA grants in advance (as shown in Figure 6D).



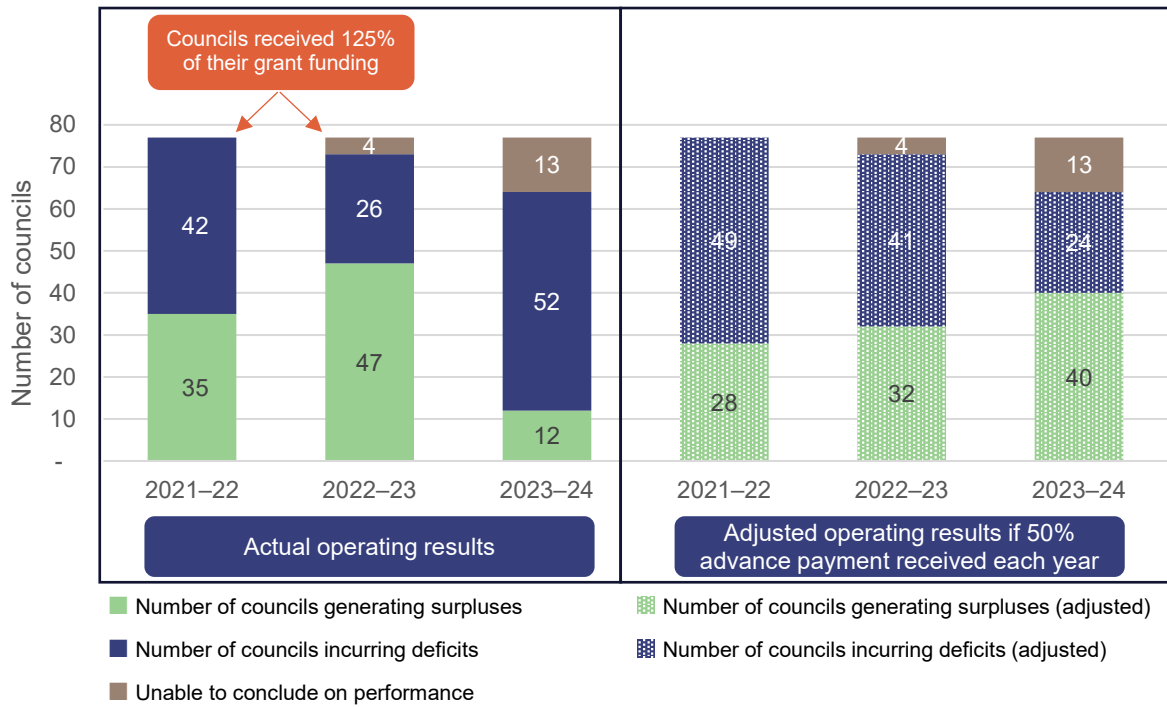
Source: Queensland Audit Office.

Over several years we have been highlighting the uncertainty over the timing and amount of FA grant funding that would be provided in advance each year for councils.

In the 2021–22 and 2022–23 years when councils received 125 per cent of their FA grants, more councils made operating surpluses. However, in 2023–24, when the sector did not receive any FA grants, it resulted in a significant number of councils incurring operating deficits. This is shown in Figure 6E.

We have also shown in Figure 6E how many councils would have generated operating surpluses and incurred deficits if they had received 50 per cent of the funding in advance and 50 per cent of the funding in arrears, as they have for many years prior to the 2021–22 financial year.

Figure 6E
Sector’s operating results – actual versus adjusted for FA grants – 2021–22 to 2023–24



Note: Adjusted results represent councils’ operating results with a consistent payment of the FA grant, being 50 per cent related to the current year and 50 per cent of the next year’s grant in advance.

Source: Queensland Audit Office.

Maintaining liquidity is necessary for councils that do not generate enough own-source revenue

DEFINITION

Operating revenue (also known as own-source revenue) is revenue generated by the day-to-day operations of a council’s business, such as rates, fees, and charges.

Operating expenses are incurred in the day-to-day operations of a council’s business, such as employee expenses.

Operating surplus is the excess of operating revenue over operating expenses.

Councils need to generate operating surpluses in the long term (for example, over a period of 5 or more years) in order to be able to fund unforeseen future expenditure. To some extent, it can also contribute to their capital needs, such as building assets for their community. Generating a surplus is difficult for some councils. In some instances, it is impossible for those with a low capacity to raise own-source revenue.

The department has recognised these challenges and has included additional ratios in the sustainability guideline to measure the financial sustainability risk for these councils. One of these ratios is the unrestricted cash expense cover ratio. It is an indicator of a council’s ability to meet its ongoing and emergent financial demands based on its current operating levels.

Councils in tiers 5–8 (47 councils) are generally less able to generate sufficient operating revenue throughout the year. As such, they need to make sure they are careful in their spending and maintain sufficient cash reserves. Accordingly, the sustainability guideline prescribes a benchmark of 4 months of cash reserves for councils in these tiers.



As of 31 October 2024, 34 of the 47 councils in tiers 5–8 had completed their financial statements. Of these, **11** councils (approximately **32** per cent of those that completed their financial statements) did not meet their benchmark for the unrestricted cash expense cover ratio.

Of the 11 councils that had lower than required cash reserves, **10** also incurred operating losses in most of the 5 financial years from 2019–20 to 2023–24, including those years in which they received 125 per cent of their FA grants.

If councils consistently incur operating losses and do not have sufficient cash reserves, they face the risk of not being able to pay their operating costs such as salaries and wages. Strong cash management processes will ensure they have enough liquidity to meet their planned expenditure.



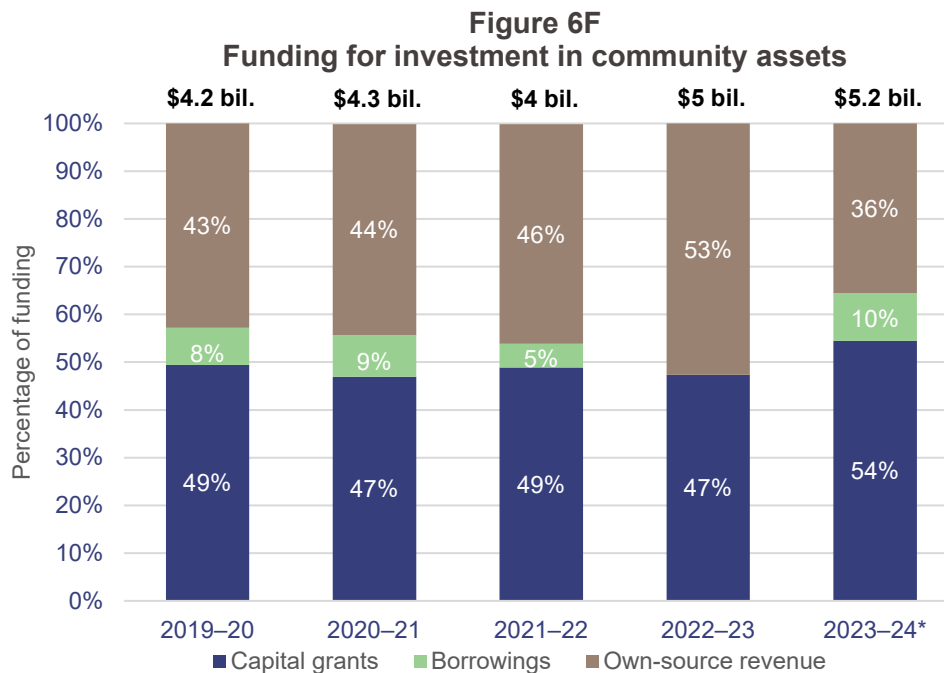
Opportunities for councils – good cash management processes

Good cash management processes ensure that councils maintain enough cash balances to meet their planned operational expenses and any unforeseen expenditure that may arise. Some principles of good cash management are:

- preparing a thorough and realistic budget and cashflow forecast
- periodically measuring actual performance against budget, and resetting the budget where necessary
- collecting revenue from rate payers and grant bodies in a timely manner
- avoiding unplanned spending where possible.

Investment in community assets

Each year, councils invest significant amounts to maintain existing assets and build new ones for their community. This year, the sector invested \$5.2 billion (2022–23: \$5 billion). This is the highest expenditure for the sector in the last 5 financial years, and it has been funded from grants, own-source revenue, and borrowings.



Note: * For 2023–24, we have included the financial information of 13 councils using their last available certified financial statements, as they had not completed their 2023–24 financial statements by the 31 October statutory deadline.

Source: Compiled by the Queensland Audit Office from councils' certified financial statements available as of 31 October 2024.



Although expenditure over the last 2 years has been approximately 20 per cent higher than in the 3 years before, this is largely due to the increased cost of procuring materials and labour. It is not necessarily because council assets are being maintained to a higher level.

This can be demonstrated through the asset consumption ratio, which measures how much of an asset's value is yet to be consumed. The new sustainability framework recommends that, for assets to meet community needs, the asset consumption ratio should be greater than 60 per cent.

As of 30 June 2024, of the 64 councils that had their financial statements completed:

- 7 councils did not meet their benchmark, meaning while their assets still probably deliver the services, the quality of service would be of a lower standard
- 16 councils had an asset consumption ratio of between 61 per cent and 65 per cent, meaning their assets are at risk in the short term of not providing the appropriate level of service.

The sustainability framework currently requires the asset consumption ratio to be reported in aggregate for all types of infrastructure assets.

Although this may provide an approximate indication of the service levels of council assets, some council asset classes (for example, road assets) may be in a better condition than others.

This would especially be the case in some of the flood-prone zones of the state (most of which are rural and remote councils) that repair their roads frequently – some do it every year. This means their roads would have a strong asset consumption ratio while other asset classes may not – meaning their overall ratio may meet the benchmark set under the sustainability guideline, but some of their assets may not be providing the level of service that they should.

An alternate and more useful way to measure the asset consumption ratio would be by asset type (for example, by road assets, water assets). This would provide councils with a better mechanism for assessing their assets by type and would show them when these assets will need renewal or replacement.

It could also help councils have timely conversations with the department regarding funding for replacement or major repairs, if needed.

Recommendation for the department

Amend the sustainability guideline to include the asset consumption ratio for each asset class

5. We recommend that the department amends the sustainability guideline so that councils are required to calculate and report on the asset consumption of each asset class in their financial statements.

The sector's water infrastructure assets need immediate attention

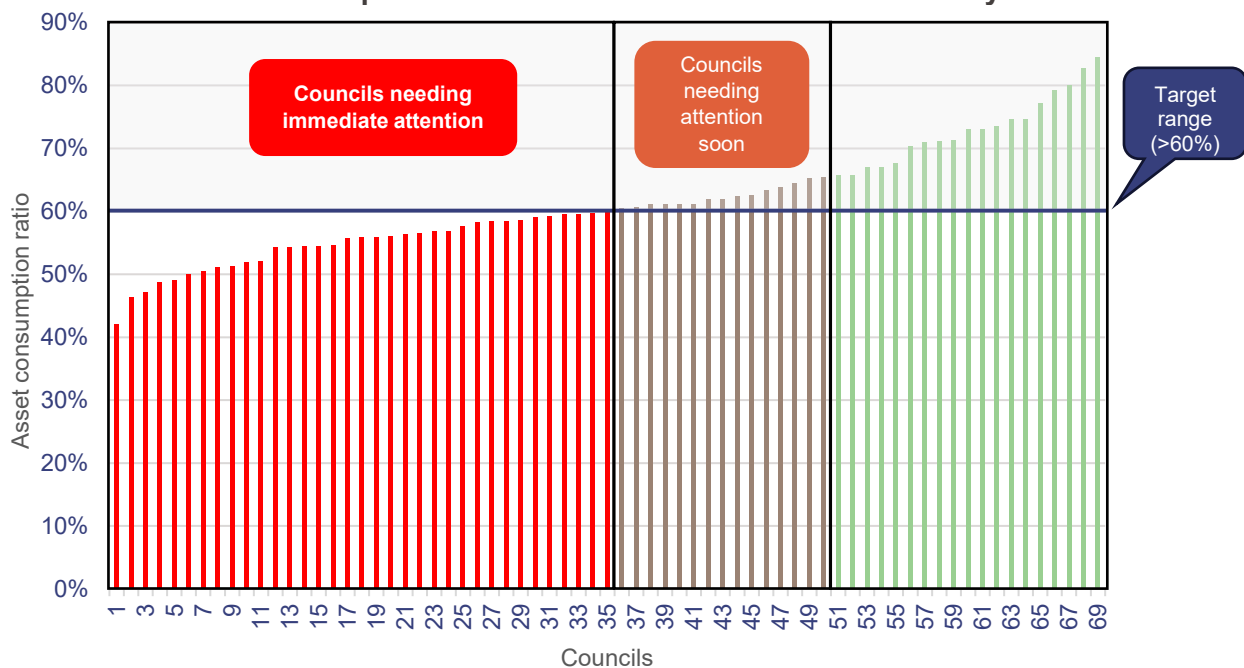
We recently tabled *Managing Queensland's regional water quality* (Report 7: 2024–25), in which we identified that well-maintained infrastructure is essential to delivering safe drinking water. As an indicator of whether councils' water infrastructure assets were of a standard to provide quality drinking water, we calculated the asset consumption ratio for water assets across all councils.

We found **35 councils** that have water infrastructure assets (69 councils own water infrastructure assets in Queensland) had an asset consumption ratio of lower than 61 per cent. This is approximately **49 per cent** of the councils that own water infrastructure assets. This may be an indication that these councils' water infrastructure assets are at a risk of not providing the appropriate level of service to their community.

Figure 6G provides a breakdown of the asset consumption ratio by councils for water infrastructure assets.



Figure 6G
Asset consumption ratio for water infrastructure assets – by council



Source: Compiled by the Queensland Audit Office from councils' certified financial statements available as of 31 October 2024. (Refer to [Appendix B](#) for more information.)

Among councils that have a lower asset consumption ratio for their water infrastructure assets, **22** have a population of 10,000 or more (based on the 2021 census data published by the Australian Bureau of Statistics).

Councils that have a low asset consumption ratio for their water infrastructure assets should consider undertaking an assessment of their water infrastructure assets. They should also compare the age of these assets to their asset management plans and see if the plans need to be updated.

This will help them determine at what point in time they will need to renew or replace their water infrastructure assets, and it will allow them to start planning for the funding now.

Recommendation for councils

Review the asset consumption ratio for water infrastructure assets and determine what action is required

3. We recommend all councils review the asset consumption ratio for their water infrastructure assets. Where the ratio is below 60 per cent, councils should assess the need for repairs/renewals to their water infrastructure assets that will reinstate these assets to a level that provides the appropriate level of service to their community.

Update on entities that missed the deadline for last year's report

At the time we compiled *Local government 2023* (Report 8: 2023–24), **14** councils had not completed their financial statements. Subsequently, 11 are now completed.

Of these 11 councils, **7** councils combined incurred operating losses of \$13 million for the 2022–23 financial year. All **7** of those have incurred operating losses in at least 2 of the last 3 financial years.



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A. Entity responses

As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to the Director-General, Department of Local Government, Water and Volunteers.

We also provided a copy of the report to the following entities and gave them the option of providing a response:

- Minister for Local Government and Water and Minister for Fire, Disaster Recovery and Volunteers
- mayors and chief executive officers of all 77 councils
- Premier and Minister for Veterans
- Director-General, Department of the Premier and Cabinet.

This appendix contains the detailed responses we received.

The heads of these entities are responsible for the accuracy, fairness, and balance of their comments.



Comments received from Minister for Local Government and Water and Minister for Fire, Disaster Recovery and Volunteers



Hon Ann Leahy MP
Minister for Local Government and Water and
Minister for Fire, Disaster Recovery and Volunteers

Our ref: CTS 07425/25
MC25/1931

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10 APR 2025

Ms Rachel Vagg
Auditor-General
Queensland Audit Office

Email: qao@qao.qld.gov.au

Dear Ms Vagg

Thank you for your email of 20 March 2025 regarding the draft report to Parliament titled Local Government 2024 (the draft report) and for providing the Department of Local Government, Water and Volunteers (the department), with an opportunity to review the report. I note you also provided a copy of the draft report to the department's Director-General.

The area of focus included in the draft report, accounting for depreciation, is a particularly relevant consideration given the recent discussions on this topic, and the insights you provided will be valuable as this topic is explored further.

I was pleased to note your comments that the financial statements of councils, and council-related entities for the 2023-24 financial year, are reliable and complied with relevant laws and standards. It is, however, disappointing that there is an increase in the number of councils who are finalising financial statements in the last two weeks of October.

I note you made three recommendations for councils this year:

Recommendation 1: Implement policies and procedures to ensure ex-gratia payments are appropriate, defensible, and the decision made to make such payments are transparent. The appropriateness of using non-disclosure agreements when making such payments should also be considered.

The department supports this recommendation for councils and will write to each council to emphasise the importance of implementing it once the final report has been tabled.

Recommendation 2: Assess climate risks and add them to their risk registers.

The department notes this recommendation, however, it is not mandatory for councils to report on climate related risks and the department's current focus is on reducing the burden on councils. The department will engage with the Queensland Audit Office (QAO) to consider the ways that councils can be supported in assessing climate related risks.

Recommendation 3: Review the asset consumption ratio for water infrastructure assets and determine what action is required.

The department supports this recommendation for councils and will write to each council to emphasise the importance of implementing it once the final report has been tabled.



In the letter to councils, the department will also remind councils of the importance of taking action to address outstanding deficiencies, as identified by the QAO.

Regarding the two recommendations for the department, I provide the following comments:

Recommendation 4: Develop guidance material on ex-gratia payment for local governments.

The department supports this recommendation and will proceed with developing guidance material for councils to use as part of the department's complementary projects.

Recommendation 5: Amend the sustainability guideline to include an asset consumption ratio for each asset class.

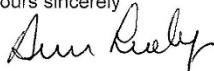
The department supports this recommendation in principle and will consider this amendment when reviewing the Sustainability Framework in 2026, following consultation with relevant stakeholders.

I also note the three department recommendations from previous reports identified as not implemented. I am advised that the department is working towards progressing these outstanding actions and will continue to engage with the QAO through regular updates

If you require any further information, please contact

[REDACTED] who will be pleased to assist.

Yours sincerely



ANN LEAHY MP
Minister for Local Government and Water
Minister for Fire, Disaster Recovery and Volunteers



Comments received from Chief Executive Officer, Fraser Coast Regional Council



B. How we prepared this report

Queensland Audit Office reports to parliament

The Queensland Audit Office (QAO) is Queensland's independent auditor of public sector entities and local governments.

QAO's independent public reporting is an important part of our mandate. It brings transparency and accountability to public sector performance and forms a vital part of the overall integrity of the system of government.

QAO provides valued assurance, insights and advice, and recommendations for improvement via the reports it tables in the Legislative Assembly, as mandated by the *Auditor-General Act 2009*. These reports may be on the results of our financial audits, on the results of our performance audits, or on our insights. Our insights reports may provide key facts or a topic overview, the insights we have gleaned from across our audit work, the outcomes of an investigation we conducted following a request for audit, or an update on the status of Auditor-General recommendations.

We share our planned reports to parliament in our 3-year forward work plan, which we update annually: www.qao.qld.gov.au/audit-program.

A fact sheet on how we prepare, consult on, and table our reports to parliament is available on our website: www.qao.qld.gov.au/reports-resources/fact-sheets.

About this report

QAO prepares its reports on the results of financial audits under the *Auditor-General Act 2009*:

- section 60, which outlines the Auditor-General must prepare a report to the Legislative Assembly on each audit conducted of a public sector entity.
- section 62, which outlines the Auditor-General may combine reports on any 2 or more audits.
- section 63, which outlines the discretion the Auditor-General has for reporting to parliament.

This report summarises the audit results of Queensland's local government entities, also known as councils. They are the first line of connection to our communities, providing Queenslanders with a wide range of services such as roads, water and waste, libraries, and parks. To help deliver their corporate objectives and services to the public, some create council-related entities, for example in the pastoral, property services, and arts sectors.

Through our financial audit program, we form opinions about the reliability of local government financial statements. These audits are conducted in accordance with the Auditor-General Auditing Standards and comply with the relevant standards issued by the Australian Auditing and Assurance Standards Board.

The information and insights highlighted in this report to parliament are the result of our annual financial audits of these entities.

What we cover

Through our financial audit program, we form opinions about the reliability of entities' financial statements. QAO completes these audits under the related Auditing and Assurance Standards Board standards. Each entity publishes our audit opinions in their annual report.

Our financial audit reports to parliament provide the results of our audits and assess the quality and effectiveness of internal controls. They also consider public sector-specific risks. These include the probity of matters associated with entity stewardship; propriety of administrative decisions; acts or omissions that give rise to a waste of public resources; and compliance with relevant Acts, regulations, and policies.



This report highlights key insights and information from across our work. It discusses the financial audit results of local government entities and considers the challenges faced by the sector.

Entities included in this report

- 77 local governments
- 89 council-related entities

Refer to [Appendix E](#) for the names of the above entities.

Our approach

This report has been prepared in accordance with the Auditor-General Auditing Standards.

In this report, we present our graphs with comparative data going back to either 2019 or 2023 (2 to 6 comparative years) to show the relevant movements where appropriate.

We used information available at the 31 October statutory reporting date to prepare our report

We compiled this report using information available at the 31 October 2024 statutory reporting date. In the following paragraphs, we summarise how we applied this cut-off date for available information.

Final information from councils' financial statements

We have collated the financial information throughout this report using one of the following:

- councils' 2023–24 certified financial reports, if they were certified by 31 October 2024
- councils' most recently certified financial reports, if their 2023–24 reports were not certified by 31 October 2024.

Ratios measuring the financial sustainability of councils

We explain the ratios used to measure the financial sustainability of councils in [Appendix J](#).

We have used the same approach for financial sustainability ratios as for financial information. If councils' 2023–24 certified financial reports were available as of 31 October 2024, we have used this information.

Otherwise, we have used their most recently certified financial report available at that date.

Where ratios are calculated using a 5-year average, we have used the average of the most recent 5 years that are certified as of 31 October 2024.

Internal control weaknesses

This report and [Appendix I](#) only include internal control weaknesses reported to councils by 31 October 2024.

Often, councils that do not have their financial statements certified by 31 October have higher numbers of internal control weaknesses, so we expect the total number of weaknesses to increase when these councils have their financial statements certified.

In next year's local government report, we will report any further internal control weaknesses communicated to councils from 1 November 2024 that relate to our 2023–24 audits.

C. Legislative context

Frameworks

Under the *Constitution of Queensland 2001*, there must be a system of local government in Queensland that is made up of councils. Local governments (councils) are elected bodies that have the power to make local laws suitable to the needs and resources of the areas they represent.

The councils' legislative framework is the *Local Government Act 2009* (the Act) and the Local Government Regulation 2012 (the regulation).

The purpose of the Act is to specify the nature and extent of councils' responsibilities and powers. It requires the system of local government to be accountable, effective, efficient, and sustainable.

The regulation requires each council to prepare, by 31 October:

- general purpose financial statements
- a current year financial sustainability statement
- a long-term financial sustainability statement.

Only the general purpose financial statements and the current year financial sustainability statement are subject to audit.

Brisbane City Council has the *City of Brisbane Act 2010* and City of Brisbane Regulation 2012. This regulation imposes the same financial reporting time frames and financial reporting requirements on Brisbane City Council as other councils have.

Each council must release its annual report within one month of the audit opinion date. The Minister for Local Government may grant an extension to the deadline where extraordinary circumstances exist.

The current year financial sustainability statement includes the following 6 measures of financial sustainability:

- the *operating surplus ratio*, which indicates the extent to which operating revenues cover operating expenses
- the *operating cash ratio*, which indicates council's ability to cover its operational expenses and increase its cash from its core operations
- the *unrestricted cash expense cover ratio*, which indicates how much money a council has available for its regular expenses and unexpected financial needs
- the *asset sustainability ratio*, which approximates the extent to which a council is replacing its assets as they reach the end of their useful lives
- the *asset consumption ratio*, which indicates how much of a council's infrastructure assets has been used compared to what it would cost to build new assets with the same benefit to the community
- the *leverage ratio*, which indicates how easily a council can repay its debts.

Accountability requirements

The Act requires councils to establish financial management systems to identify and manage financial risks, including risks to reliable and timely reporting. The performance of financial management systems requires regular review.



Queensland local government financial statements

These financial statements are used by a broad range of parties, including parliamentarians, taxpayers, employees, and users of government services. For the statements to be useful, the information reported must be relevant and accurate.

The Auditor-General's audit opinion on these financial statements assures users they are accurate and in accordance with relevant legislative requirements.

We express an *unmodified opinion* when the financial statements are prepared in accordance with the relevant legislative requirements and Australian accounting standards. We *modify* our audit opinion when financial statements do not comply with the relevant legislative requirements and Australian accounting standards and are not accurate and reliable.

There are 3 types of modified opinions:

- qualified opinion – the financial statements as a whole comply with relevant accounting standards and legislative requirements, with the exceptions noted in the opinion
- adverse opinion – the financial statements as a whole do not comply with relevant accounting standards and legislative requirements
- disclaimer of opinion – the auditor is unable to express an opinion as to whether the financial statements comply with relevant accounting standards and legislative requirements.

Sometimes we include an *emphasis of matter* in our audit reports to highlight an issue that will help users better understand the financial statements. It does not change the audit opinion.



D. Status of recommendations made in prior reports

The following tables provide the current status of the recommendations raised in our prior reports.

Figure D1
Status of recommendations for councils from *Local government 2023* (Report 8: 2023–24)

Implement processes to ensure policies and procedures are regularly reviewed and kept up to date		Further action needs to be taken
REC 1	Councils should regularly review and update their policies and procedures to ensure they are up to date and meet the needs of their operations. Each council should develop a work plan to ensure all policies are reviewed at least every 3 years or when there are significant changes to the council's structure (Chapter 4).	Councils have self-assessed their progress in implementing our recommendation as of 30 June 2024. Only 78 per cent of councils have fully implemented processes to ensure they regularly review their policies and procedures. Councils need to take further action on this recommendation.
Provide an onboarding program for all elected councillors and mayors following the March 2024 elections		Fully implemented
REC 2	Councils should educate all elected councillors and mayors on matters that are specific to their council, including unique challenges of their council and its strategic objectives and operations. This will ensure there is a smooth transition to the new council. It should also reinforce their understanding of their responsibilities and encourage mayors and councillors to work effectively together and with council staff (Chapter 4).	All councils have provided an onboarding program to elected councillors and mayors on matters that are specific to their council.
Annually review the registration status of employees undertaking engineering services		Further action needs to be taken
REC 3	Review the registration status of employees undertaking engineering services to make sure they are complying with the <i>Professional Engineers Act 2002</i> . Councils should do this on an annual basis (Chapter 4).	49 out of 73 councils (67 per cent) have reviewed the registration status of employees undertaking engineering services on an annual basis to make sure they are complying with the <i>Professional Engineers Act 2002</i> . Councils need to take further action on this recommendation.

Note: Refer to recommendation status definitions later in this appendix.

Source: *Queensland Audit Office*.

Figure D2
Status of recommendations for councils from Local government 2022 (Report 15: 2022–23)

Assess the maturity of their procurement and contract management processes using our procure-to-pay maturity model, and implement identified opportunities to strengthen their practices		Further action needs to be taken
REC 1	We recommend all councils assess the maturity of their procurement and contract management processes using our procure-to-pay maturity model. Councils should identify their desired level of maturity and compare this to the maturity level that best represents their current practices. This assessment will help them identify and implement practical improvement opportunities for their procurement and contract management processes.	As of 30 June 2024, only 29 councils had assessed the maturity of their procurement and contract management processes using our procure-to-pay maturity model. Councils need to take further action on this recommendation.

Note: Refer to recommendation status definitions later in this appendix.

Source: Queensland Audit Office.

Figure D3
Status of recommendations for councils from Local government 2021 (Report 15: 2021–22)

Reassess the maturity levels of their financial statement preparation processes in line with recent experience to identify improvement opportunities that will help facilitate early certification of financial statements		Further action needs to be taken
REC 1	All councils should reassess their initial self-assessment against the financial statement maturity model and compare this to their recent financial statement preparation experiences. Councils should also reflect on their processes from the 2018–19 financial year that enabled them to have their financial statements certified earlier. Together, these reflections will identify improvement opportunities to assist elected members and their executives to improve the timeliness of certification of financial statements.	As of 30 June 2024, 51 councils have reassessed the maturity level of their financial statement preparation processes. This means approximately 33 per cent of the sector has not undertaken a self-assessment. Councils need to take further action on this recommendation.
Assess their audit committees against the actions in our 2020–21 audit committee report		Further action needs to be taken
REC 2	Those councils who have an audit committee function, and those that are looking to establish one, should consider implementing the actions we have identified in our report <i>Effectiveness of audit committees in state government entities</i> (Report 2: 2020–21). This would improve the effectiveness of their audit committees, with flow-on benefits to council governance and performance.	Of the 65 councils with an audit committee, 36 have fully implemented our recommendations, 20 councils have partially implemented, 8 councils have not implemented our recommendations at all, and one council did not provide a response. Councils need to take further action on this recommendation. In <i>Insights on audit committees in local government</i> (Report 10: 2024–25), we explore the role of audit committees and the benefits they can provide to Queensland's local governments.

Improve their overall control environment		Further action needs to be taken
REC 3	All councils should use the annual internal control assessment tool available on our website to perform an initial self-assessment of the strengths and improvement opportunities of their internal controls. Where their results do not meet their performance expectations, they should develop and implement a plan to strengthen their internal controls over a specific period.	19 councils have assessed their control environment against our internal control assessment tool, and 58 councils have not assessed. Those councils that have not had an opportunity to assess the maturity of their internal controls using our assessment tool should consider doing this in the 2024–25 financial year.
Asset management plans to include councils' planned spending on capital projects		Further action needs to be taken
REC 4	All councils should review their asset management plans to confirm that these plans include the proposed timing and cost of their capital projects, including the cost of maintaining these assets over their whole lives. This would help councils identify their future funding needs and provide better information to the department on the timing of capital funding sought by councils.	44 councils have incorporated their planned spending on capital projects into their asset management plans, and 33 councils have not. We recommend that those councils who have not yet had an opportunity to review their asset management plan do so in the 2024–25 financial year.
Review the asset consumption ratio in preparation for the new sustainability framework. Assess whether the actual usage of assets is in line with the asset management plan		No longer applicable
REC 5	All councils should review their asset consumption ratio in preparation for the new sustainability framework, to assess whether they are in line with the proposed benchmark. This ratio would inform councils whether their assets have been used in line with their asset management plans. Any variance between the expected and actual usage may either result in additional maintenance to improve the service levels of their assets, or the need to reassess their expectation about asset usage.	Reporting of councils' asset consumption ratio is now included in the new sustainability framework. The then Department of State Development, Infrastructure, Local Government and Planning introduced its new sustainability guideline – <i>Financial Management (Sustainability) Guideline (2024)</i> – effective from 2023–24.
Enhance their liquidity management by reporting their unrestricted cash expense ratio and their unrestricted cash balance in monthly financial reports		No longer applicable
REC 6	All councils should enhance their liquidity management by reporting their unrestricted cash expense ratio and their unrestricted cash balance in the monthly financial reports they table in council meetings.	This recommendation was made at the time the department was finalising its financial sustainability ratios. Now that the sustainability ratios have been published and made mandatory, councils will have to report these in the financial statements. Given the councils now have a methodology to calculate this ratio, they should be including this ratio in their monthly financial reports to provide meaningful information to their elected members and executives. As such, this recommendation is no longer applicable.

Note: Refer to recommendation status definitions later in this appendix.

Source: *Queensland Audit Office*.



Figure D4
Status of recommendations for councils from Local government 2020 (Report 17: 2020–21)

	Further action needs to be taken
<p>Improve valuation and asset management practices</p> <p>REC 2</p> <ul style="list-style-type: none"> Councils need to engage with asset valuers early to complete the valuation of assets well before year end. Councils need to use accurate information in their long-term asset management strategies and budget decisions. Councils need to regularly match the asset data in their financial records to the asset data in their engineering/geographic information systems to ensure it is complete and reliable. 	<p>We continue to identify issues with the asset management policies and practices at councils. 50 councils had at least one outstanding significant deficiency or deficiency related to asset management as of 30 June 2024.</p> <p>Councils also still need to improve their processes for asset valuations. We observed several councils that did not meet their legislative deadlines because of errors and delays in asset valuations. In addition, 12 councils reported prior period errors in their financial statements that related to assets.</p> <p>Councils need to take further action on this recommendation.</p>
<p>Strengthen security of information systems</p> <p>REC 3</p> <p>We recommend all councils strengthen the security of their information systems. Councils rely heavily on technology, and increasingly, they need to be prepared for cyber attacks. Any unauthorised access could result in fraud or error, and significant reputational damage.</p> <p>Councils' workplace culture, through their people and processes, must emphasise strong security practices to provide a foundation for the security of information systems.</p> <p>All entities across the local government sector should:</p> <ul style="list-style-type: none"> provide security training for employees so they understand the importance of maintaining strong information systems, and their roles in keeping them secure assign employees only the minimum access required to perform their job, and ensure important stages of each process are not performed by the same person regularly review user access to ensure it remains appropriate monitor activities performed by employees with privileged access (allowing them to access sensitive data and create and configure within the system) to ensure they are appropriately approved implement strong password practices and multifactor authentication (for example, a username and password, plus a code sent to a mobile), particularly for systems that record sensitive information encrypt sensitive information to protect it patch vulnerabilities in systems in a timely manner, as upgrades and solutions are made available by software providers to address known security weaknesses that could be exploited by external parties. <p>Councils should also self-assess against all of the recommendations in our report – <i>Managing cyber security risks</i> (Report 3: 2019–20) – to ensure their systems are appropriately secured.</p>	<p>Further action needs to be taken</p> <p>While entities are implementing our recommendations to resolve the issues we reported to them last year, we identified similar internal control deficiencies this year.</p> <p>We identified 77 new internal control issues in information systems.</p> <p>36 councils had at least one unresolved deficiency or deficiency in their information systems as of 30 June 2024.</p> <p>Councils need to take further action on this recommendation.</p>

Improve risk management processes		Further action needs to be taken
REC 4	<p>Councils should have a complete and up-to-date risk management framework including:</p> <ul style="list-style-type: none"> comprehensive risk registers that identify risks (including the risk of fraud) and appropriate risk mitigation strategies current and relevant business continuity and disaster recovery plans. These plans should be tested periodically. 	<p>This year, 17 councils (2023: 16 councils) did not have adequate risk management processes in place.</p> <p>Councils need to take further action on this recommendation.</p>
Enhance procurement and contract management practices		Further action needs to be taken
REC 5	<ul style="list-style-type: none"> Councils need to ensure they obtain value for money for the goods and services they procure, and that they have the appropriate approvals to procure the goods and services. To effectively manage their contractual obligations, councils should ensure their contract registers are complete and contain up-to-date information. 	<p>We have identified issues relating to procurement and contract management practices at 38 councils this year (2023: 28 councils).</p> <p>Councils need to take further action on this recommendation.</p> <p>In our 2021–22 report, to help councils improve their procurement and contract management practices, we made a further recommendation for councils to assess the maturity of their procurement and contract management processes using our procure-to-pay maturity model. This will assist them in identifying opportunities to strengthen their procurement and contract management practices.</p>

Note: Refer to recommendation status definitions later in this appendix.

Source: Queensland Audit Office.



Figure D5
Status of recommendations for councils from
Local government entities: 2018–19 results of financial audits (Report 13: 2019–20)

Audit committees	Recommendations have been superseded
<ul style="list-style-type: none"> All councils should have an audit committee with an independent chair. All audit committee members must understand their roles and responsibilities and the risks the committee needs to monitor. Audit committees must hold management accountable for ensuring timely remedial actions are taken on audit issues. All extensions of agreed time frames for remedial action require consideration by the audit committee, including management’s risk mitigation strategies, until remedial action is completed. 	<p>As of 30 June 2024, there were still 12 councils (30 June 2023: 13 councils) that did not have an audit committee.</p> <p>Councils without an active audit committee have 86 significant deficiencies that have been unresolved for more than 12 months.</p> <p>We have recently tabled <i>Insights on audit committees in local government</i> (Report 10: 2024–25) which provides further guidance on this topic.</p> <p>To avoid tracking multiple reports with similar recommendations, we close this recommendation in this report, as it will be superseded by the <i>Insights on audit committees in local government</i>.</p> <p>We will track progress against recommendations made in our <i>Insights on audit committees in local government</i>.</p>
Internal audit	Further action needs to be taken
<ul style="list-style-type: none"> All councils must establish and maintain an effective and efficient internal audit function, as required by the <i>Local Government Act 2009</i>. 	<p>As of 30 June 2024, 6 councils (30 June 2023: 5 councils) still did not have an internal audit function. In addition, 5 councils (30 June 2023: 4 councils) that had an internal audit function established as of 30 June 2024 did not have any audit activity during the 2023–24 financial year.</p> <p>In <i>Local government 2022</i> (Report 15: 2022–23), we also recommended the then Department of State Development, Infrastructure, Local Government and Planning, as regulator of the sector, make sure all councils establish an effective internal audit function, as required under the legislation.</p>
Secure employee and supplier information	Further action needs to be taken
<ul style="list-style-type: none"> Councils must verify changes to employee and supplier bank account details through sources independent of the change request. Councils need to ensure information systems are secure, to prevent unauthorised access that may result in fraud or error. Security measures could include encryption of information, restriction of user access, regular monitoring by management, and appropriate segregation of duties. 	<p>We continue to find deficiencies at councils with regards to securing employee and supplier information. Similarly, we continue to find weaknesses with information systems security.</p> <p>In line with these findings, we continue to recommend councils secure their employee and supplier information.</p>



Further action needs to be taken	Conduct mandatory cyber security awareness training
<p>As of 30 June 2024, 11 councils (2022–23: 20 councils) had not provided cyber security awareness training to their employees.</p> <p>We continue to recommend that all councils provide cyber security awareness training to their new and current employees.</p>	<p>Councils need to develop and implement mandatory cyber security awareness training for all staff, to be completed during induction and at regular periods during employment. This should include:</p> <ul style="list-style-type: none"> • delivering targeted training to higher-risk user groups, such as senior management, staff who have access to sensitive data, software developers, system administrators, and third-party providers • recording and monitoring whether all staff have completed their required cyber security awareness training • conducting campaigns to test the adequacy of staff vigilance to risks, such as phishing (fraudulent emails) and tailgating (following a person into an office), so entities can assess and improve their awareness programs.

Note: Refer to recommendation status definitions later in this appendix.

Source: Queensland Audit Office.

Figure D6

Status of recommendations for the then Department of Housing, Local Government, Planning and Public Works from Local government 2023 (Report 8: 2023–24)

Our recommendations from *Local government 2023* were made in January 2024, and although the department indicated it supports our recommendations, it has not yet had time to implement them.

Not implemented – recommendation accepted	Introduce an internal controls assurance framework for councils
<p>This recommendation will be considered by the department as part of an update to the Local Government Regulation 2012.</p> <p>The regulation is updated every 10 years. However, the last update has been delayed and is expected to occur in the next one to 2 years.</p>	<p>REC 4 Amend the Local Government Regulation 2012 to require the head of finance to confirm whether the financial controls used to prepare the annual financial statements are effective each year.</p> <p>The confirmation should be provided to the mayor and chief executive officer each year before they sign the financial statements and should include:</p> <ul style="list-style-type: none"> • a summary of the council's internal control framework – the people, systems, and processes that council uses to prepare reliable financial reports – and whether these controls were effective for the period the financial statements relate to • any significant areas of concern and their potential impact, and what action council has taken to address them • the status of issues reported in previous years • changes and improvements to internal controls during the year.



Introduce an internal controls assurance framework for councils		Not implemented – recommendation accepted
REC 5	<p>Develop a template that councils can use to annually validate the effectiveness of their internal controls.</p> <p>This will help councils and heads of finance identify their key financial internal controls and determine whether these controls have operated effectively throughout the year. The department may benefit from Queensland Treasury's help, and from using practices that are already in place in the state sector (Chapter 3).</p>	<p>This recommendation will be considered by the department as part of an update to the Local Government Regulation 2012.</p> <p>The regulation is updated every 10 years. However, the last update has been delayed and is expected to occur in the next one to 2 years.</p>
Determine the minimum expected requirements for all qualitative measures of council sustainability and include this in the sustainability framework		Not implemented – recommendation accepted
REC 6	<p>Amend the sustainability framework for Queensland councils to:</p> <ul style="list-style-type: none"> include the qualitative (non-financial) indicators the department will use to measure councils define and publish the minimum expected requirements for these qualitative indicators. <p>This will give councils a clear understanding of the qualitative elements they are being assessed against, and will help councils prioritise actions to improve against them (Chapter 5).</p>	<p>As part of its implementation of the new sustainability framework, the department will consider opportunities to enhance the framework in its next review period. This will include consideration of defining any minimum expected requirements for qualitative indicators.</p>
Develop a way to measure the overall sustainability risk of individual councils		Not implemented
REC 7	<p>Develop a methodology to determine the overall sustainability risk of councils.</p> <p>The methodology should assess the ratios in the department's sustainability framework in combination so an overall financial sustainability risk profile can be determined for each council.</p> <p>The methodology should also consider the impact on the overall financial sustainability if any of the benchmarks (identified for each ratio in the sustainability framework) are not met.</p> <p>This will help the department prioritise its resources for councils or groups of councils that need attention more urgently than others.</p> <p>It will also help councils understand what 'good' looks like and how the department intends to use the ratios in total to assess the financial sustainability of councils (Chapter 5).</p>	<p>The department has published its risk framework which outlines how the department will assess the financial sustainability of councils to obtain a better understanding of key risk drivers (for example, operating performance, liquidity, asset management, and debt management).</p> <p>The department has plans to continue monitoring, adjusting, and enhancing the financial risk framework over time.</p> <p>However, at the date of this report, the risk framework still does not have a methodology to determine the overall sustainability risk of councils.</p>

Note: Refer to recommendation status definitions later in this appendix.

Source: Queensland Audit Office.

Figure D7
Status of recommendations for the then Department of Housing, Local Government, Planning and Public Works from Local government 2022
(Report 15: 2022–23)

Provide necessary guidance and tools to councils to help improve their month-end financial reports		Fully implemented
REC 2	<p>The department should provide guidance and tools such as monthly management reporting pack templates and checklists for the completion of month-end financial reports.</p> <p>These tools should set the minimum standard of information that councillors will need to be provided with to make informed financial decisions. This in turn would help councils improve the quality of their month-end financial reports and their month-end processes.</p>	<p>The department has developed an end-of-month (EOM) checklist, which has been made available on its online portal of council resources.</p>
Provide a clear definition of 'extraordinary circumstances' for councils seeking ministerial extensions to their legislative time frame for financial reporting		Fully implemented
REC 3	<p>The department should clearly define what 'extraordinary circumstances' are in the context of extensions to councils' legislated deadlines for certifying financial statements.</p> <p>This will provide consistent criteria for assessing council applications for extensions.</p>	<p>Guidance material on what is defined as extraordinary circumstances was published by the department on its online portal of council resources in May 2024.</p>
Measure the effectiveness of training programs provided to councils		Fully implemented
REC 4	<p>The department should measure the effectiveness of the training programs it provides to councils.</p> <p>This would help the department identify remedial actions when desired outcomes are not achieved.</p>	<p>The department has a range of tools to measure and monitor the effectiveness of training programs provided to councils. These include:</p> <ul style="list-style-type: none"> • training evaluation surveys • annual chief executive officer/mayor surveys • monitoring of the sustainability framework for gaps • advice from the Office of the Independent Assessor on education recommendations • monitoring of client service visit reports for training advice.



	Fully implemented
<p>Provide training on financial reporting processes and support councils to meet their reporting deadlines in times of need</p> <p>REC 5</p> <p>The department should, for councils that do not consistently achieve early financial reporting:</p> <ul style="list-style-type: none"> • provide training to finance staff that covers matters such as <ul style="list-style-type: none"> – basic financial statement preparation – analysing and interpreting financial statements – preparing and delivering on a year-end timetable – accounting concepts and application of relevant accounting standards. <p>This should be in addition to the tropical financial reporting workshop provided by the department each year</p> <ul style="list-style-type: none"> • make available a panel of financial reporting specialists that councils can call upon in times of need to help with their financial reporting processes. For this to work effectively, the department should establish ground rules that put the onus on councils to plan for their financial reporting early. This support should only be made available to councils on an exception basis. 	<p>The department has published a range of tools on its online portal of council resources to support councils' financial needs. This includes end-of-month templates and checklists, and finance modules accessible through its online portal of council resources and through regular finance officer network meetings held by the department.</p>
<p>Make sure all councils have an effective internal audit function</p> <p>REC 6</p> <p>The department should monitor whether all councils have an internal audit function and whether appropriate internal audit activities are undertaken each year.</p> <p>To help councils meet their legislative requirements, the department should:</p> <ul style="list-style-type: none"> • educate councillors and senior executives on the benefits of an internal audit function and how this adds value to council operations • make internal audit guidelines available on the department's website and provide example templates (such as a model internal audit charter) to help councils understand and meet their obligations. 	<p>Fully implemented</p> <p>The department has published guidance about these legislative requirements on its online portal of council resources.</p> <p>It has also provided supporting materials about internal audit functions to councils through the finance modules accessible via its online portal.</p> <p>The department, as a part of its sustainability guideline, has published some qualitative factors that it will monitor. One such factor is for councils to have an effective internal audit function. We understand from discussion with the department that this qualitative factor has been reviewed for each council and conversations with those charged with governance have been held to explain the benefits and the legislative requirement of an internal audit function.</p> <p>The department plans to continue monitoring councils and educate them on the benefits of an effective internal audit function.</p>



Develop a strategy to uplift capability of the sector on cyber-related matters		Fully implemented
REC 7	<p>We recommend the department, in collaboration with the Queensland Government's Customer and Chief Digital Officer, develops a strategy to increase awareness and improve capability in the sector on cyber-related matters.</p> <p>This will help councils strengthen their information security controls.</p>	<p>The department has worked with the Queensland Government's Customer and Chief Digital Officer, as the subject matter expert, to deliver greater council awareness of cyber-related matters across the sector.</p>

Note: Refer to recommendation status definitions later in this appendix.

Source: Queensland Audit Office.

Figure D8

Status of recommendations for the then Department of Housing, Local Government, Planning and Public Works from *Local government 2020* (Report 17: 2020–21)

Require all councils to establish audit committees		Recommendations have been superseded
REC 6	<p>We continue to recommend that the department requires all councils to establish an audit committee and ensures that each chairperson of the committee is independent of council and management. In light of the difficulties some councils have faced with internal control weaknesses, fraud, ransomware, and achieving financial sustainability, this is more important now than ever.</p>	<p>The department has developed a guideline on audit committees for councils and published this on its online portal of council resources. However, the legislation does not require all councils to establish audit committees.</p> <p>We have recently tabled <i>Insights on audit committees in local government</i> (Report 10: 2024–25) which provides further guidance on this topic.</p> <p>To avoid tracking multiple reports with similar recommendations, we close this recommendation in this report, as it will be superseded by the <i>Insights on audit committees in local government</i>.</p> <p>We will track progress against recommendations made in our <i>Insights on audit committees in local government</i>.</p>
Provide greater certainty over long-term funding		Fully implemented
REC 8	<p>We recommend the department reviews its current funding model to identify opportunities to provide funding certainty to councils beyond one financial year.</p> <p>A 3-year to 5-year funding model would assist councils, especially those heavily reliant on grants, to develop and implement more sustainable medium- to long-term plans.</p>	<p>Over the last few years, the department has been introducing several funding programs that are long term in nature (3 years and more).</p>



	Fully implemented
<p>Provide training to councillors and senior leadership teams around financial governance</p> <p>REC 9</p> <p>We recommend the department provides periodic training to councillors and senior leadership teams for councils that are highly reliant on grants. The training should focus on helping these councils:</p> <ul style="list-style-type: none"> • establish strong leadership and governance • enhance internal controls and oversight • improve financial sustainability in the long term. 	<p>The department – in partnership with Queensland Treasury Corporation and the University of Queensland – delivered workshops and training sessions to councillors and council staff in 2022–23 with a focus on financial management and service planning. The department has advised us that 388 councillors and council staff participated in these workshops and training sessions.</p> <p>Following the recent March 2024 elections, the department, in partnership with Queensland Treasury Corporation, has provided similar training at all councils. This covered various topics – including topics on governance, the importance of good internal controls, and financial sustainability.</p> <p>The department also holds finance officers network sessions</p> <p>The department plans to support the running of these workshops and training sessions over the 2024–2028 council term.</p> <p>Financial training modules are included in LG Central and LG Leaders, and through the finance officers network. In addition, the department continues to consider opportunities to make specialised financial training available to councils.</p>

Note: Refer to recommendation status definitions later in this appendix.

Source: Queensland Audit Office.



Recommendation status definitions

If a recommendation is specific to an entity, we have reported on the action that entity has taken and whether the issue is *fully implemented*, *partially implemented*, *not implemented*, or *no longer applicable*.

Status	Definition	
Fully implemented	Recommendation has been implemented, or alternative action has been taken that addresses the underlying issues and no further action is required. Any further actions are business as usual.	
Partially implemented	Significant progress has been made in implementing the recommendation or taking alternative action, but further work is required before it can be considered business as usual. This also includes where the action taken was less extensive than recommended, as it only addressed some of the underlying issues that led to the recommendation.	
Not implemented	Recommendation accepted	No or minimal actions have been taken to implement the recommendation, or the action taken does not address the underlying issues that led to the recommendation.
	Recommendation not accepted	The entity did not accept the recommendation.
No longer applicable	Circumstances have fundamentally changed, making the recommendation no longer applicable. For example, a change in government policy or program has meant the recommendation is no longer relevant.	

If a general recommendation was made for all entities to consider, we have assessed action on issues reported to specific entities in the prior year, as well as any further issues identified in the current year. On this basis, we have determined whether *appropriate action has been taken* across the sector, or if *further action needs to be taken* to address the risk identified.

Status	Definition	
Appropriate action has been taken	Recommendations made to individual entities have been implemented, or alternative action has been taken that addresses the underlying issues, and no further action is required. No new issues have been identified across the sector that indicate an ongoing underlying risk to the sector that requires reporting to parliament.	
Further action needs to be taken	Recommendations made to individual entities have not been fully implemented, and/or new recommendations have been made to individual entities, indicating further action is required by entities in the sector to address the underlying risk.	



E. Audit opinions for entities preparing financial reports

The following figures detail the types of audit opinions we have issued, in accordance with Australian auditing standards, for the 2023–24 financial year.

Figure E1
Our audit opinions for local government sector financial reports for 2023–24

Entity	Date opinion issued	Financial statement opinion	Current year sustainability statement opinion ¹	Ministerial extension issued to date ²
Opinion key:				
U = unmodified; Q = qualified; E = emphasis of matter. (Refer to Appendix C for definitions of these terms.)				
Councils and their controlled entities				
Aurukun Shire Council	19.12.2024	U	E*	30.11.2024
Balonne Shire Council	29.10.2024	U	E*	-
Banana Shire Council	29.10.2024	U	E*	-
Barcaldine Regional Council	28.10.2024	U	E*	-
Barcoo Shire Council	24.10.2024	U	E*	-
Blackall-Tambo Regional Council	29.10.2024	U	E*	-
Boulia Shire Council	31.10.2024	U	E*	-
Brisbane City Council	16.08.2024	U	E*	-
• Allara Pty Ltd	01.08.2024	U	-	-
• Allara SPV Trust	01.08.2024	E*	-	-
• Brisbane City Council Appeal for the Lord Mayor's Charitable Trust	17.09.2024	E*	-	-
• Brisbane Economic Development Agency Pty Ltd	01.10.2024	U	-	-
• Brisbane Powerhouse Foundation	27.09.2024	U	-	-
• Brisbane Powerhouse Pty Ltd	27.09.2024	U	-	-
• Brisbane Sustainability Agency Pty Ltd	29.10.2024	U	-	-
• City of Brisbane Investment Corporation Pty Ltd	01.08.2024	U	-	-
• City Parklands Services Pty Ltd	01.10.2024	U	-	-
• Kingston Pty Ltd	01.08.2024	E*	-	-
• Museum of Brisbane Pty Ltd	16.10.2024	U	-	-
• Museum of Brisbane Trust	16.10.2024	E*	-	-
• TradeCoast Land Pty Ltd	Not complete	-	-	-
Bulloo Shire Council	03.10.2024	U	E*	-
Bundaberg Regional Council	04.10.2024	U	E*	-
Burdekin Shire Council	09.09.2024	U	E*	-
Burke Shire Council	31.10.2024	U	E*	-
Cairns Regional Council	13.09.2024	U	E*	-
• Cairns Art Gallery Limited	25.11.2024	U	-	-



Entity	Date opinion issued	Financial statement opinion	Current year sustainability statement opinion ¹	Ministerial extension issued to date ²
Carpentaria Shire Council	23.10.2024	U	E*	-
Cassowary Coast Regional Council	11.10.2024	U	E*	-
Central Highlands Regional Council	29.10.2024	U	E*	-
• Central Highlands Development Corporation Ltd	28.10.2024	U	-	-
Charters Towers Regional Council	23.10.2024	U	E*	-
Cherbourg Aboriginal Shire Council	22.10.2024	U	E*	-
Cloncurry Shire Council	30.10.2024	U	E*	-
Cook Shire Council	31.10.2024	U	E*	-
Council of the City of Gold Coast	10.10.2024	U	E*	-
• Experience Gold Coast Pty Ltd	26.08.2024	U	-	-
• HOTA Gold Coast Pty Ltd	26.08.2024	U	-	-
• Placemakers Gold Coast	23.09.2024	U	-	-
Croydon Shire Council	25.10.2024	U	E*	-
Diamantina Shire Council	Not complete	-	-	28.02.2025
Doomadgee Aboriginal Shire Council	23.10.2024	U	E*	-
Douglas Shire Council	30.10.2024	U	E*	-
Etheridge Shire Council	29.10.2024	U	E*	-
Flinders Shire Council	10.10.2024	U	E*	-
Fraser Coast Regional Council	26.09.2024	U	E*	-
• Fraser Coast Tourism & Events Ltd	12.12.2024	E*	-	-
Gladstone Regional Council	25.10.2024	U	E*	-
• Gladstone Airport Corporation	18.10.2024	U	-	-
Goondiwindi Regional Council	29.08.2024	U	E*	-
Gympie Regional Council	31.10.2024	U	E*	-
Hinchinbrook Shire Council	01.11.2024	U	E*	-
Hope Vale Aboriginal Shire Council	31.07.2024	U	E*	-
Ipswich City Council	18.10.2024	U	E*	-
• Ipswich Arts Foundation Trust	Not complete	-	-	-
Isaac Regional Council	16.10.2024	U	E*	-
• Isaac Affordable Housing Fund Pty Ltd	11.12.2024	E*	-	-
• Isaac Affordable Housing Trust	11.12.2024	E*	-	-
• Moranbah Early Learning Centre Pty Ltd	10.12.2024	E*	-	-
Kowanyama Aboriginal Shire Council	26.11.2024	U	E*	30.11.2024
Livingstone Shire Council	10.10.2024	U	E*	-
Lockhart River Aboriginal Shire Council	06.12.2024	U	E*	15.11.2024
• Lockhart River Aerodrome Company Pty Ltd	06.12.2024	U	-	-
Lockyer Valley Regional Council	31.10.2024	U	E*	-
Logan City Council	03.10.2024	U	E*	-
• Invest Logan Pty Ltd	03.10.2024	E*,E ³	-	-
• Underwood Innovation Lab Pty Ltd	09.10.2024	E*	-	-

Entity	Date opinion issued	Financial statement opinion	Current year sustainability statement opinion ¹	Ministerial extension issued to date ²
Longreach Regional Council	16.10.2024	U	E*	-
Mackay Regional Council	11.10.2024	U	E*	-
Mapoon Aboriginal Shire Council	27.11.2024	U	E*	30.11.2024
Maranoa Regional Council	16.10.2024	U	E*	-
Mareeba Shire Council	03.10.2024	U	E*	-
McKinlay Shire Council	30.10.2024	U	E*	-
Moreton Bay City Council	11.10.2024	U	E*	-
• Millovate Pty Ltd	24.09.2024	E ⁴	-	-
Mornington Shire Council	Not complete	-	-	30.06.2025
Mount Isa City Council	13.12.2024	U	E*	31.12.2024
• Mount Isa City Council Owned Enterprises Pty Ltd ⁵	13.12.2024	U	-	-
Murweh Shire Council	15.10.2024	U	E*	-
Napranum Aboriginal Shire Council	12.12.2024	U	E*	30.11.2024
Noosa Shire Council	31.10.2024	U	E*	-
North Burnett Regional Council	21.10.2024	U	E*	-
Northern Peninsula Area Regional Council	Not complete	-	-	-
Palm Island Aboriginal Shire Council	Not complete	-	-	19.12.2024
Paroo Shire Council	29.10.2024	U	E*	-
Pompuraaw Aboriginal Shire Council	10.09.2024	U	E*	-
Quilpie Shire Council	12.09.2024	U	E*	-
Redland City Council	20.09.2024	U	E*	-
• Redland Investment Corporation Pty Ltd	18.09.2024	U	-	-
Richmond Shire Council	23.10.2024	U	E*	-
• The Kronosaurus Korner Board Inc	28.11.2024	E*	-	-
Rockhampton Regional Council	16.10.2024	U	E*	-
Scenic Rim Regional Council	14.10.2024	U	E*	-
Somerset Regional Council	29.10.2024	U	E*	-
South Burnett Regional Council	15.10.2024	U	E*	-
• South Burnett Community Hospital Foundation Limited	29.10.2024	U	-	-
Southern Downs Regional Council	17.10.2024	U	E*	-
Sunshine Coast Regional Council	31.10.2024	U	E*	-
• SunCentral Maroochydore Pty Ltd	30.09.2024	U	-	-
• Sunshine Coast Arts Foundation Ltd	23.09.2024	U	-	-
• Sunshine Coast Events Centre Pty Ltd	22.10.2024	E*	-	-
Tablelands Regional Council	31.10.2024	U	E*	-
Toowoomba Regional Council	27.09.2024	U	E*	-
• Empire Theatres Foundation	Not complete	-	-	-
• Empire Theatres Pty Ltd	Not complete	-	-	-
• Toowoomba and Surat Basin Enterprise Pty Ltd	16.10.2024	U	-	-
Torres Shire Council	31.10.2024	U	E*	-

Entity	Date opinion issued	Financial statement opinion	Current year sustainability statement opinion ¹	Ministerial extension issued to date ²
Torres Strait Island Regional Council	28.10.2024	U	E*	-
Townsville City Council	23.10.2024	U	E*	-
• NQ Spark Pty Ltd	14.02.2025	U	-	-
• North Rail Yard Developments Pty Ltd	Not complete	-	-	-
Western Downs Regional Council	22.10.2024	U	E*	-
Whitsunday Regional Council	21.08.2024	U	E*	-
Winton Shire Council	30.10.2024	U	E*	-
• Waltzing Matilda Centre Ltd	31.10.2024	U	-	-
Woorabinda Aboriginal Shire Council	Not complete	-	-	-
• Woorabinda Pastoral Company Pty Ltd	Not complete	-	-	-
Wujal Wujal Aboriginal Shire Council	Not complete	-	-	28.02.2025
Yarrabah Aboriginal Shire Council	21.10.2024	U	E*	-
By-arrangements audits⁶				
City of Logan Charitable Trust	01.08.2024	E*	-	-
The Josephine Ulrick and Win Schubert Foundation for the Arts	23.08.2024	E*	-	-

Notes:

* We issued an emphasis of matter to alert users of the statements to the fact that special purpose financial statements had been prepared.

¹ Only councils prepare sustainability statements (not local government-related entities).

² Ministerial extensions may only be obtained for councils (not local government-related entities).

³ We included an emphasis of matter in our audit reports for Invest Logan Pty Ltd to alert users that the financial statements were prepared on a basis other than a going concern. The company's sole shareholder, Logan City Council, approved on 22 March 2023, the orderly cessation of activities of its controlled entity with a view to carrying out a voluntary deregistration process and transferring its remaining net assets to the council.

⁴ We included an emphasis of matter in our audit reports for Millovate Pty Ltd to alert users that the financial statements were prepared on a basis other than a going concern and it has ceased trading. The company transferred all operational responsibilities and assets to the Moreton Bay City Council, and was de-registered on 18 December 2024.

⁵ We included an emphasis of matter in our audit report for Mount Isa City Council Owned Enterprises Pty Ltd to alert users that the company's current liabilities exceeded current assets and total liabilities exceeded total assets at 30 June 2024, and it incurred a loss for the year then ended. These circumstances indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

⁶ If asked by a minister or public sector entity, and if the Auditor-General considers there is public interest, a financial audit of non-public sector entities may be performed 'by arrangement'.

Source: Queensland Audit Office.

The following figure details the types of audit opinions we issued in accordance with Australian auditing standards for the 2023–24 financial year, for jointly controlled entities (entities controlled by multiple councils and/or other public sector entities).

Figure E2
Our audit opinions for jointly controlled entities' financial reports for 2023–24

Entity	Date audit opinion issued	Type of audit opinion issued
Opinion key: U = unmodified; Q = qualified; E = emphasis of matter. (Refer to Appendix C for definitions of these terms.)		
Central Western Queensland Remote Area Planning and Development Board (RAPAD)	26.11.2024	E*

Entity	Date audit opinion issued	Type of audit opinion issued
Opinion key: U = unmodified; Q = qualified; E = emphasis of matter. (Refer to Appendix C for definitions of these terms.)		
Council of Mayors SEQ Pty Ltd	13.12.2024	U
Greenovate Pty Ltd	16.09.2024	U
Local Government Association of Queensland Ltd	26.09.2024	U
• Local Buy Trading Trust	26.09.2024	Q ¹
• Peak Services Legal Pty Ltd	26.09.2024	E ²
• Peak Services Holdings Pty Ltd	26.09.2024	U
• Peak Services Pty Ltd	26.09.2024	U
Major Brisbane Festivals Pty Ltd ³	Not complete	-
Queensland Local Government Mutual (LGM Queensland)	02.12.2024	U
Queensland Local Government Workers Compensation Self-Insurance Scheme (trading as Local Government Workcare)	02.12.2024	U
SEQ Regional Recreational Facilities Pty Ltd	Not complete	-
Townsville Breakwater Entertainment Centre Joint Venture	Not complete	-
Western Queensland Local Government Association	10.10.2024	E ⁴

Notes:

* We issued an emphasis of matter to alert users of the statements to the fact that special purpose financial statements had been prepared.

¹ We qualified our audit opinion for Local Buy Trading Trust because it was unable to provide us with enough evidence to confirm its revenue was complete. We also qualified our 2022–23 audit opinion for the same reason.

² We included an emphasis of matter in our audit opinion for Peak Services Legal Pty Ltd to alert users of the financial statements of the entity's financial dependence on its ultimate parent, the Local Government Association of Queensland Ltd.

³ The financial year of Major Brisbane Festivals Pty Ltd was 1 January 2024 to 31 December 2024. The 2024 audit opinion has therefore not yet been issued.

⁴ We included an emphasis of matter in our audit opinion for Western Queensland Local Government Association because of a members' resolution to wind up the entity. The final cash disbursement was made its member councils on 28 June 2024.

Source: Queensland Audit Office.



F. Entities exempt from audit by the Auditor-General

We will not issue opinions on several entities because they are exempt from audit by the Auditor-General. These audits are performed by other organisations. The following table lists the entities, grouped by the reasons for the exemptions.

Figure F1
Entities exempt from audit by the Auditor-General

Entity	Audit firm who performs the audit	Date opinion issued	Opinion
Opinion key: U = unmodified; Q = qualified; E = emphasis of matter. (Refer to Appendix C for definitions of these terms.)			
Exempt local government entities – small in size and of low risk (s.30A of the <i>Auditor-General Act 2009</i>)			
Central Queensland Regional Organisation of Councils Limited	Evans Edwards & Associates Pty Ltd	10.10.2024	E*
Drive Inland Promotions Association Inc	KBP Audit Services	21.01.2025	E*
Far North Queensland Regional Organisation of Councils	Jessups	05.12.2024	E*
Gulf Savannah Development Inc	SBB Partners	06.02.2025	E*
North West Queensland Regional Organisation of Councils	SBB Partners	01.10.2024	U
Regional Queensland Council of Mayors Inc ¹	SBB Partners	09.12.2024	U
South West Queensland Regional Organisation of Councils	UHY Haines Norton	03.12.2024	U
Torres Cape Indigenous Council Alliance (TCICA) Inc	Grant Thornton Audit Pty Ltd	29.11.2024	E*
Whitsunday ROC Limited ²	SBB Partners	09.04.2025	U
Wide Bay Burnett Regional Organisation of Councils Inc	CLM Accountants	30.10.2024	Q ³ , E*
Exempt local government entities – foreign-based controlled entities (s.32 of the <i>Auditor-General Act 2009</i>)			
Gold Coast City Council Insurance Company Limited	PricewaterhouseCoopers CI LLP	16.08.2024	U

Notes:

* An emphasis of matter was issued to alert users of the statements to the fact that special purpose financial statements had been prepared.

¹ The financial statements of the Regional Queensland Council of Mayors Inc will be for the period 1 April 2023 to 31 March 2024.

² Whitsunday ROC Limited trades as Greater Whitsunday Council of Mayors.

³ The audit opinion for Wide Bay Burnett Regional Organisation of Councils Inc was qualified because it was unable to provide the auditor enough evidence to confirm its revenue was complete.

Source: Queensland Audit Office.

G. Local government entities for which we will not issue opinions

The Auditor-General will not issue audit opinions for the following public sector entities for the 2023–24 financial year, because they have not produced a financial report.

Figure G1
Entities for which no opinions are issued

Entity	Parent entity	Reason
Controlled entities		
Brisbane Tolling Pty Ltd	Brisbane City Council	Dormant
OC Invest Pty Ltd	Brisbane Sustainability Agency Pty Ltd	Dormant
Riverfestival Brisbane Pty Ltd	Brisbane City Council	Dormant
CBIC Investment Pty Ltd	City of Brisbane Investment Corporation Pty Ltd	Dormant
CBIC Valley Heart Pty Ltd	City of Brisbane Investment Corporation Pty Ltd	Dormant
HOTA Services Gold Coast Pty Ltd	HOTA Gold Coast Pty Ltd	Non-reporting ¹
IA Foundation Ltd	Ipswich City Council	Dormant
Mackay Region Enterprises Pty Ltd	Mackay Regional Council	Wound up ²
Outback @ Isa Pty Ltd	Mount Isa City Council	Dormant
Palm Island Economic Development Corporation Pty Ltd	Palm Island Aboriginal Shire Council	Dormant
Redheart Pty Ltd	Redland City Council	Wound up ³
Cleveland Plaza Pty Ltd	Redland Investment Corporation Pty Ltd	Non-reporting ⁴
RIC Toondah Pty Ltd	Redland Investment Corporation Pty Ltd	Non-reporting ⁴
Toowoomba and Surat Basin Enterprise Development Fund Limited	Toowoomba and Surat Basin Enterprise Pty Ltd	Dormant
Empire Theatres Foundation Ltd	Toowoomba Regional Council	Dormant
Whitsunday Coast Airport and Infrastructure Pty Ltd	Whitsunday Regional Council	Wound up ⁵
Winton Community Association Inc	Winton Shire Council	Dormant
Jointly controlled entities		
Brisbane Festival Limited	Major Brisbane Festivals Pty Ltd	Dormant
Local Buy Pty Ltd	Local Government Association of Queensland Ltd	Dormant

Notes:

¹ The transactions of HOTA Services Gold Coast Pty Ltd have been consolidated in the financial statements of HOTA Gold Coast Pty Ltd.

² Mackay Region Enterprises Pty Ltd was deregistered in January 2024.

³ In a general meeting on 19 June 2024, Redland City Council agreed to direct Redheart Pty Ltd directors to voluntarily deregister the company. The council says that this will have no operational impact on the council's quarrying activities. The company was de-registered on 2 October 2024.

⁴ The transactions of Cleveland Plaza Pty Ltd and RIC Toondah Pty Ltd have been consolidated in the financial statements of Redland Investment Corporation Pty Ltd.

⁵ Whitsunday Coast Airport and Infrastructure Pty Ltd was deregistered on 7 August 2022.

Source: Queensland Audit Office.



H. Audit opinions issued for prior financial years

The following table contains the audit opinions issued for prior financial years that were not finalised when we issued *Local government 2023* (Report 8: 2023–24).

Figure H1
Audit opinions issued for prior financial years

Entity	Date opinion issued	Opinion	Current year sustainability statement opinion ¹
Opinion key:			
U = unmodified; Q = qualified; E = emphasis of matter. (Refer to Appendix C for the definitions of these terms.)			
Financial statements from 2021–22 financial year – Councils			
Palm Island Aboriginal Shire Council	15.05.2024	Q ²	Q ² , E*
Mornington Shire Council	16.05.2024	U	E*
Northern Peninsula Area Regional Council	20.05.2024	U	E*
Woorabinda Aboriginal Shire Council	Not complete	-	-
Financial statements from 2021–22 financial year – Controlled entities			
Woorabinda Pastoral Company Pty Ltd	Not complete	-	-
Financial statements from 2021–22 financial year – Jointly controlled entities			
Western Queensland Local Government Association	23.05.2024	E ⁸	-
Financial statements from 2022–23 financial year – Entities exempt from audit by the Auditor-General			
South West Queensland Regional Organisation of Councils	11.05.2024	U	-
Whitsunday ROC Limited	19.01.2024	U	-
Financial statements from 2022–23 financial year – Councils			
Barcaldine Regional Council	16.02.2024	U	E*
Cloncurry Shire Council	24.05.2024	U	E*
Diamantina Shire Council	31.01.2024	U	E*
Mornington Shire Council	20.12.2024	U	E*
Northern Peninsula Area Regional Council	Not complete	-	-
Palm Island Aboriginal Shire Council	Not complete	-	-
Woorabinda Aboriginal Shire Council	Not complete	-	-
Financial statements from 2022–23 financial year – Controlled entities			
Empire Theatres Foundation	Not complete	-	-
Ipswich Arts Foundation Trust	05.03.2024	U	-
Mackay Region Enterprises Pty Ltd	09.11.2023	E ³	-
Mount Isa City Council Owned Enterprises Pty Ltd	21.02.2024	U	-
NQ Spark Pty Ltd	24.09.2024	E ⁴	-

Entity	Date opinion issued	Opinion	Current year sustainability statement opinion ¹
TradeCoast Land Pty Ltd	07.02.2024	E ⁵	-
Woorabinda Pastoral Company Pty Ltd	Not complete	-	-
Financial statements from 2022–23 financial year – Jointly controlled entities			
Council of Mayors SEQ Pty Ltd	08.03.2024	U	-
Major Brisbane Festivals Pty Ltd ⁶	31.05.2024	U	-
SEQ Regional Recreational Facilities Pty Ltd	18.03.2024	U	-
Townsville Breakwater Entertainment Centre Joint Venture	24.01.2024	E*, E ⁷	-
Western Queensland Local Government Association	28.05.2024	E ⁸	-

Notes:

* We issued an emphasis of matter to alert users of the statements to the fact that special purpose financial statements had been prepared.

¹ Only councils prepare sustainability statements (not local government-related entities).

² We issued a qualified opinion for Palm Island Aboriginal Shire Council's 2021–22 financial statements and its financial year sustainability statement. This was because the council was unable to provide enough information about the completeness and accuracy of reported revenues for accommodation income, lease income, motel income, service charges, and landing fees revenue (and financial sustainability ratios based on this revenue) to confirm that they were correctly reported. We also could not issue an opinion on the accuracy of employee benefits for matters relating to staff wages and salaries.

³ We included an emphasis of matter in our audit report for Mackay Region Enterprises Pty Ltd to alert users that the company has ceased trading, and that on 23 November 2022 it was resolved the company be wound up. The company is dependent upon the ongoing financial support of Mackay Regional Council for the period from the closure of its bank account on 11 April 2023 until its deregistration date.

⁴ We included an emphasis of matter in our audit report for NQ Spark Pty Ltd because the entity had incurred significant losses, and its current liabilities exceeded its current assets, indicating it may not be able to pay its debts as and when they arise.

⁵ TradeCoast Land Pty Ltd intends to cease its operations. We included an emphasis of matter in our audit report as it had not been prepared on a going concern basis.

⁶ The financial year of Major Brisbane Festivals Pty Ltd was 1 January 2023 to 31 December 2023.

⁷ We included an emphasis of matter in our audit report for Townsville Breakwater Entertainment Centre Joint Venture to highlight the net loss made by the entity.

⁸ Western Queensland Local Government Association intends to cease its operations. We included an emphasis of matter in our audit report as it had not been prepared on a going concern basis.

Source: Queensland Audit Office.



I. Our assessment of councils' financial governance

Auditing internal controls

Entities design, implement, and maintain internal controls (people, systems, and processes) to deliver reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations.

In undertaking our audit, we are required under the Australian auditing standards to obtain an understanding of an entity's internal controls relevant to the preparation of the financial report.

We assess internal controls to ensure they are suitably designed to:

- prevent, or detect and correct, material misstatements in the financial report (which could influence a user's decision-making)
- achieve compliance with legislative requirements and make appropriate use of public resources.

Our assessment determines the nature, timing, and extent of the testing we perform to address the risk of significant mistakes in the financial statements.

If we believe the design and implementation of controls is effective, we select the controls we intend to test further. We do this by considering a balance of factors including:

- the significance of the related risks
- the characteristics of balances, transactions, or disclosures (volume, value, and complexity)
- the nature and complexity of the entity's information systems
- whether the design of the controls addresses the risk of material misstatement and facilitates an efficient audit.

If we identify deficiencies in internal controls, we determine the impact on our audit approach, considering whether additional audit procedures are necessary.

We design our audit procedures to address the risk of material (major) misstatement so we can express an opinion on the financial report. We do not express an opinion on the effectiveness of internal controls.

The deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the entity. They are reported here because they impacted on the overall system of control during 2023–24.

Financial statement preparation processes

We assess the strength of councils' financial statement preparation processes using a maturity model (which is available on our website at www.qao.qld.gov.au/reports-resources/better-practice).

The model is entity-driven and is scalable to each entity's size and complexity. It aims to bring flexibility in responding to the qualitative factors that influence entities' practices, which the previous assessment criteria did not take into account.

The model facilitates sharing of better practices across the public sector. It also brings focus to entities' areas of development to allow them to reach their targeted positioning.



The 4 components for effective financial statement preparation processes are:

Quality month-end processes and reporting	
<ul style="list-style-type: none"> • Reconciliation • Reporting • Internal quality controls 	Month-end processes refer to the close-out of the current posting period and preparation of analysis reports. Quality month-end activities provide greater efficiencies in the preparation of year-end reporting. Data quality, quality checking, and internal reporting are the areas of focus.
Early financial statement close processes	
<ul style="list-style-type: none"> • Early close • Audit and audit committee relationships • Asset valuation • Stocktakes • Supporting policies and procedures 	These are the accounting procedures undertaken to close out future account balances in the current posting period. Early close processes are performed before the balance date and are not fully re-performed during the financial statement preparation process. They usually include fair value measurement for property, plant and equipment; major estimates and judgements; material note preparation; and stocktakes.
Skilled financial statement preparation processes and use of appropriate technology	
<ul style="list-style-type: none"> • System • Staff skills • Data quality • Internal controls • Tailored disclosure 	High quality, timely financial statements are prepared using skilled staff, appropriate systems, and sufficient processes that rely on high-quality data sources and effective internal controls.
Timely identification and resolution of financial reporting matters	
<ul style="list-style-type: none"> • Matters are identified • Analysis performed • Consultation 	The timely resolution of financial reporting matters relates to areas of accounting and presentation that require judgement and have a range of potential solutions. Financial reporting matters include the application of new accounting standards, and reporting of new and/or complex transactions in a timely manner.

Levels of financial statement maturity

Each of these 4 components has elements describing the level of maturity within the financial statement preparation maturity model.

The 4 levels of maturity per component are:

- developing – an entity does not have key components of effective financial reporting, or they are limited
- established – an entity shows basic competency for financial reporting
- integrated – an entity’s financial reporting practices are fundamentally sound, but some elements could be improved
- optimised – an entity is a leader of best practice for financial reporting.

Where a council has different maturity levels for each of the 4 components, its overall maturity may sit between 2 levels and be reported as a range, for example, established to integrated.

Each council’s desired level of maturity will differ. What works for a council in a large city may not necessarily work for a smaller council in a regional town.

However, because councils have had stable business models without restructures for more than 10 years, they should be able to at least reach an established maturity level.

In 2020–21, we asked councils to self-assess their financial statement preparation processes using this model.

In 2022–23, we assessed the maturity levels of councils’ financial reporting ourselves to make sure they reflect the reality of the strengths and weaknesses of their processes.



We will undertake an assessment of council's maturity levels in the 2024–25 year and include this in our report. In this appendix, we report our assessment of the overall maturity of each council's financial statement preparation processes as determined in our assessment from the 2022–23 financial year.

Results summary

The following tables summarise the results of our assessment of the 77 councils' internal controls and financial statement process maturity, by tier.

Figure I1
Our assessment of the financial governance of councils by tier

Key:

Total SD = Total significant deficiencies

O/S SD = Number of significant deficiencies outstanding longer than 12 months as of 30 June 2024

FS maturity = Financial statement maturity levels

Days = Number of days to have audit opinion certified from 30 June 2024. (The number of days between 30 June and 31 October is 123.)

Council	Internal controls		Financial statement maturity for 2022–23	2023–24 Days to complete	2022–23 Days to complete
	Total SD	O/S SD			
Tier 1					
Brisbane City Council	-	-	Integrated to optimised	47	49
Tier 2					
Cairns Regional Council	-	-	Optimised	75	77
Council of the City of Gold Coast	2	-	Established to integrated	102	74
Fraser Coast Regional Council	5	-	Integrated	88	91
Ipswich City Council	3	-	Integrated	110	108
Logan City Council	1	-	Established to integrated	95	87
Mackay Regional Council	3	-	Integrated	103	110
Moreton Bay City Council	1	1	Integrated	103	101
Redland City Council	1	-	Integrated	82	74
Sunshine Coast Regional Council	1	1	Established to integrated	123	103
Toowoomba Regional Council	3	1	Established to integrated	89	91
Townsville City Council	4	2	Established to integrated	115	111
Tier 3					
Bundaberg Regional Council	-	-	Integrated to optimised	96	104
Gladstone Regional Council	-	-	Integrated	117	122
Gympie Regional Council	3	3	Established to integrated	123	153
Lockyer Valley Regional Council	1	-	Integrated	123	116

Council	Internal controls		Financial statement maturity for 2022–23	2023–24 Days to complete	2022–23 Days to complete
	Total SD	O/S SD			
Noosa Shire Council	1	1	Established	123	117
Rockhampton Regional Council	2	1	Integrated	108	118
Scenic Rim Regional Council	1	1	Established to integrated	106	98
Tier 4					
Cassowary Coast Regional Council	1	-	Established to integrated	103	105
Central Highlands Regional Council	1	-	Integrated	121	117
Isaac Regional Council	1	1	Established to integrated	108	123
Livingstone Shire Council	-	-	Established to integrated	102	122
Mareeba Shire Council	3	-	Established	95	96
Somerset Regional Council	2	-	Established	121	112
South Burnett Regional Council	-	-	Established to integrated	107	109
Southern Downs Regional Council	-	-	Integrated	109	123
Tablelands Regional Council	2	1	Integrated	123	123
Western Downs Regional Council	-	-	Integrated	114	110
Whitsunday Regional Council	2	-	Established to optimised	52	46
Tier 5					
Banana Shire Council	-	-	Established	121	119
Burdekin Shire Council	-	-	Integrated	71	70
Charters Towers Regional Council	1	-	Established	115	122
Douglas Shire Council	-	-	Integrated	122	104
Goondiwindi Regional Council	-	-	Integrated	60	61
Hinchinbrook Shire Council*	1	-	Established	124	123
Maranoa Regional Council	1	1	Established	108	96
Mount Isa City Council*	8	8	Established to integrated	166	123
North Burnett Regional Council	4	4	Established	113	118
Tier 6					
Balonne Shire Council	-	-	Integrated to established	121	118
Barcaldine Regional Council	-	-	Established	120	231
Cloncurry Shire Council	2	2	Developing to established	122	290
Cook Shire Council	5	3	Established	123	168



Council	Internal controls		Financial statement maturity for 2022–23	2023–24 Days to complete	2022–23 Days to complete
	Total SD	O/S SD			
Longreach Regional Council	-	-	Established	108	116
Murweh Shire Council	-	-	Established to integrated	107	115
Torres Shire Council	7	4	Developing to established	123	123
Tier 7					
Barcoo Shire Council	-	-	Established	116	110
Blackall-Tambo Regional Council	-	-	Established	121	165
Boulia Shire Council	-	-	Integrated	123	123
Bulloo Shire Council	1	1	Established	95	95
Burke Shire Council	-	-	Established to integrated	123	153
Carpentaria Shire Council	3	3	Established	115	122
Croydon Shire Council	1	1	Developing	117	118
Diamantina Shire Council*	-	-	Established	Not complete	215
Etheridge Shire Council	3	2	Developing	121	138
Flinders Shire Council	-	-	Established	102	123
McKinlay Shire Council	-	-	Integrated	122	118
Paroo Shire Council	2	1	Established to integrated	121	105
Quilpie Shire Council	-	-	Established	74	74
Richmond Shire Council	1	1	Developing to established	115	118
Winton Shire Council	-	-	Integrated	122	116
Tier 8					
Aurukun Shire Council*	-	-	Established	172	118
Cherbourg Aboriginal Shire Council	1	-	Established	114	119
Doomadgee Aboriginal Shire Council	-	-	Established	115	123
Hope Vale Aboriginal Shire Council	-	-	Optimised	31	28
Kowanyama Aboriginal Shire Council	1	1	Established	149	118
Lockhart River Aboriginal Shire Council*	3	2	Established to integrated	159	137
Mapoon Aboriginal Shire Council*	3	1	Established	153	123
Mornington Shire Council	11	11	Established ²	Not complete	539
Napranum Aboriginal Shire Council*	6	6	Established	163	123
Northern Peninsula Area Regional Council*	17	17	Established ²	Not complete	Not complete

Council	Internal controls		Financial statement maturity for 2022–23	2023–24 Days to complete	2022–23 Days to complete
	Total SD	O/S SD			
Palm Island Aboriginal Shire Council*	21	21	Developing ²	Not complete	Not complete
Pormpuraaw Aboriginal Shire Council	-	-	Integrated	72	70
Torres Strait Island Regional Council	3	1	Established to integrated	120	116
Woorabinda Aboriginal Shire Council*	8	8	Developing ¹	Not complete	Not complete
Wujal Wujal Aboriginal Shire Council*	2	1	Developing	Not complete	165
Yarrabah Aboriginal Shire Council	1	1	Integrated	113	105

Notes:

* For councils who had not completed their financial statements by 31 October 2024 the total unresolved significant deficiencies include only those reported by 31 October. These numbers are expected to increase as these councils complete their financial statements. Details of weaknesses reported to each council and the updates on the status of these issues are generally available on individual council websites.

¹ Because the 2022 audit of Woorabinda Aboriginal Shire Council is not complete, we were unable to assess the financial statement maturity of this council. We have instead reported its self-assessed financial statement maturity from 2021.

² The 2022 audits of Mornington Shire Council, Palm Island Aboriginal Shire Council, and Northern Peninsula Area Regional Council were completed this year. Because the 2023 audits of these councils were not complete by 31 October, we were unable to assess the financial statement maturity of these councils. We have instead reported their self-assessed financial statement maturity from 2021.

Source: Queensland Audit Office.



J. Financial sustainability measures

The then Department of Housing, Local Government, Planning and Public Works (now the Department of Local Government, Water and Volunteers) introduced the *Financial Management (Sustainability) Guideline (2024)*, effective from the 2023–24 financial year onwards. This new guideline has considered the challenges that councils face, especially in rural and remote areas, and introduces additional ratios to measure financial sustainability and groups councils into tiers (based on their remoteness and their population) as shown in Figure J1.

Figure J1
Sustainability groupings of councils that apply from 1 July 2023

Tier 1 councils	
Brisbane City Council	
Tier 2 councils	
Cairns Regional Council	Toowoomba Regional Council
Fraser Coast Regional Council	Townsville City Council
Gold Coast City Council	
Ipswich City Council	Moreton Bay City Council
Logan City Council	Redland City Council
Mackay Regional Council	Sunshine Coast Regional Council
Tier 3 councils	
Bundaberg Regional Council	Noosa Shire Council
Gladstone Regional Council	Rockhampton Regional Council
Gympie Regional Council	
Livingstone Shire Council	Scenic Rim Regional Council
Mareeba Shire Council	
Somerset Regional Council	Western Downs Regional Council
Tier 4 councils	
Banana Shire Council	Hinchinbrook Shire Council
Burdekin Shire Council	Maranoa Regional Council
Charters Towers Regional Council	North Burnett Regional Council
Goondiwindi Regional Council	
Douglas Shire Council	
Goondiwindi Regional Council	
Livingstone Shire Council	
Mareeba Shire Council	
Somerset Regional Council	
Tier 5 councils	
Banana Shire Council	Hinchinbrook Shire Council
Burdekin Shire Council	Maranoa Regional Council
Charters Towers Regional Council	North Burnett Regional Council
Goondiwindi Regional Council	
Douglas Shire Council	
Goondiwindi Regional Council	
Livingstone Shire Council	
Mareeba Shire Council	
Somerset Regional Council	



Tier 6 councils		
Balonne Shire Council	Cloncurry Shire Council	Torres Shire Council
Barcaldine Regional Council	Cook Shire Council	
		Longreach Regional Council
		Murweh Shire Council
Tier 7 councils		
Barcoo Shire Council	Burke Shire Council	Quilpie Shire Council
Blackall-Tambo Regional Council	Carpentaria Shire Council	Richmond Shire Council
Boulia Shire Council	Croydon Shire Council	Winton Shire Council
Bulloo Shire Council	Diamantina Shire Council	
		Paroo Shire Council
Tier 8 councils		
Aurukun Shire Council	Kowanyama Aboriginal Shire Council	Torres Strait Island Regional Council
Cherbourg Aboriginal Shire Council	Lockhart River Aboriginal Shire Council	Woorabinda Aboriginal Shire Council
Doomadgee Aboriginal Shire Council	Mapoon Aboriginal Shire Council	Wujal Wujal Aboriginal Shire Council
Hope Vale Aboriginal Shire Council	Morrington Shire Council	Yarrabah Aboriginal Shire Council
		Napranum Aboriginal Shire Council
		Northern Peninsula Area Regional Council
		Palm Island Aboriginal Shire Council
		Pompuraaw Aboriginal Shire Council

Source: Compiled by the Queensland Audit Office, using the then Department of Housing, Local Government, Planning and Public Works (now the Department of Local Government, Water and Volunteers) Financial Management (Sustainability) Guideline (2023).



The new guideline has 9 ratios on which councils are required to report in their financial sustainability statements, as a part of the financial statements. The council-controlled revenue, population growth, and asset renewal funding ratio measures are reported by councils for contextual purposes only and are not audited by us. We have summarised the 6 ratios that we audit, including the target benchmarks, in Figure J2.

Figure J2
Financial sustainability ratios that we audit

Type	Ratio (measure)	Description	Formula	Target prescribed in the new guideline							
				Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 7	Tier 8
Operating performance	Operating surplus ratio	An indicator of the extent to which operating revenues generated cover operational expenses	$\frac{\text{Operating results}}{\text{Total operating revenue}}$ Expressed as percentage	> 0%					> -2%		N/A *
Liquidity	Operating cash ratio	A measure of council's ability to cover its core operational expenses	Operating results plus depreciation and amortisation plus financial costs Expressed as percentage	0%							
Asset management	Unrestricted cash expense cover ratio	An indicator of the unconstrained liquidity available to council to meet ongoing and emergent financial demands	$\frac{\text{Operating revenue}}{\text{Total cash and cash equivalents plus current investments plus available ongoing Queensland Treasury Corporation working capital facility less external restricted cash} \times 12}$ Expressed in months	> 2 months	> 3 months	> 4 months					
Asset management	Asset sustainability ratio	Indicates the extent to which the infrastructure assets are being replaced as they reach the end of their useful lives	$\frac{\text{Capital expenses on replacement of assets (renewals)}}{\text{Depreciation expenses on infrastructure assets}}$ Expressed as a percentage	> 50%	> 60%	> 80%					> 90%
Debt servicing capacity	Asset consumption ratio	Measures the extent to which council's infrastructure assets have been consumed compared to what it would cost to build a new asset with the same benefit to the community	$\frac{\text{Written down replacement cost of depreciable infrastructure assets}}{\text{Current replacement cost of depreciable infrastructure assets}}$ Expressed as a percentage	> 60%							
Debt servicing capacity	Leverage ratio	Indicator of council's ability to repay its debts	$\frac{\text{Book value of debt}}{\text{Operating results add depreciation and amortisation and finance costs}}$ Expressed in times	0–5	0–4					0–3	

Note: * Under the department's guidelines, for tiers 6 to 8, the operating surplus ratio is contextual only – meaning that although these councils need to report this ratio, they do not have a benchmark for this ratio to measure their performance against.

Source: Queensland Audit Office.

Figure J3
Financial sustainability ratio by council tiers: Results at the end of 2023–24

	Operating surplus ratio		Operating cash ratio		Unrestricted cash expense cover ratio		Asset sustainability ratio*		Asset consumption ratio		Leverage ratio ¹	
	Current year	5-year average	Current year	5-year average	Current year	5-year average	Current year	5-year average	Current year	5-year average	Current year	5-year average
Tier 1 councils												
Brisbane City Council	5.5%	4.3%	22.9%	24.0%	3.5 months		81.2%	71.6%	79.0%	78.0%	5.2 times	4.2 times
Tier 2 councils												
Cairns Regional Council	-2.2%	-0.1%	26.1%	29.1%	4.9 months	▼	60.3%	79.2%	68.5%	68.4%	1.3 times	1.7 times
Council of the City of Gold Coast ²	-2.1%	1.6%	19.4%	23.1%	4.3 months	▲	82.2%	67.5%	64.5%	67.5%	1.5 times	1.7 times
Fraser Coast Regional Council	-1.7%	-0.7%	26.1%	27.5%	6.3 months	▼	73.8%	83.5%	64.1%	65.1%	0.6 times	0.8 times
Ipswich City Council	-0.7%	1.8%	29.4%	30.3%	7.2 months	▼	62.9%	69.2%	70.9%	70.5%	3.7 times	3.8 times
Logan City Council	-1.8%	1.3%	19.6%	23.6%	7.1 months	▲	89.3%	79.8%	69.7%	70.9%	3.3 times	2.1 times
Mackay Regional Council	-4.3%	-0.8%	27.5%	30.8%	6.8 months	▼	48.7%	60.1%	68.7%	64.5%	0.5 times	0.9 times
Moreton Bay City Council	3.9%	10.2%	29.6%	33.6%	2 months	▲	71.0%	66.0%	69.7%	71.1%	1.2 times	1.5 times
Redland City Council	-10.4%	-2.8%	11.6%	19.2%	10.3 months	▲	78.5%	59.0%	62.4%	64.1%	1.7 times	0.8 times
Sunshine Coast Regional Council	2.2%	4.8%	24.4%	25.7%	2.6 months	▼	72.3%	72.0%	67.3%	68.3%	3 times	3.8 times
Toowoomba Regional Council	-2.4%	0.1%	24.0%	30.0%	6.1 months	▼	54.3%	67.7%	72.6%	73.2%	1.7 times	1.6 times
Townsville City Council	-11.9%	-2.8%	22.7%	31.2%	3.5 months	▲	63.8%	78.8%	66.1%	67.4%	3.5 times	2.9 times

Notes:

¹ The leverage ratio is not required for councils that have no debt as of 30 June 2024.

² No 5-year consolidated average reported within Council of the City of Gold Coast's financial statements as related entity Experience Gold Coast only consolidated in the 2023–24 financial year. The 5-year average presented has been recalculated based on 4 years of council-only data and one year of consolidated data.

* There has been no change to this ratio compared to how this was calculated in the previous financial sustainability guideline, hence we have provided a trend analysis for this ratio.

Refer also to Figures J1 and J2, which explain the financial sustainability measures and associated benchmarks.

Legend: ▲ an improving trend; ▼ a deteriorating trend.

Source: Queensland Audit Office.

	Operating surplus ratio		Operating cash ratio		Unrestricted cash expense cover ratio	Asset sustainability ratio*			Asset consumption ratio		Leverage ratio ¹	
	Current year	5-year average	Current year	5-year average		Current year	5-year average	5-year average trend	Current year	5-year average	Current year	5-year average
Tier 3 councils												
Bundaberg Regional Council	-6.2%	1.3%	22.5%	28.1%	9.2 months	45.9%	48.8%	▲	69.0%	69.8%	2.2 times	1.6 times
Gladstone Regional Council	6.6%	-4.2%	29.3%	21.6%	9.7 months	88.8%	78.9%	▲	68.7%	72.0%	1.2 times	0.4 times
Gympie Regional Council	-9.7%	-4.3%	17.4%	20.0%	3.3 months	262.2%	114.0%	▲	72.4%	72.0%	0.8 times	0.7 times
Noosa Shire Council	5.3%	4.6%	22.3%	25.2%	9.3 months	119.2%	122.7%	▼	71.2%	73.5%	0.8 times	1 times
Lockyer Valley Regional Council	3.0%	7.8%	22.5%	26.7%	4.6 months	373.6%	156.1%	▲	73.1%	73.8%	0 times	0.9 times
Rockhampton Regional Council	-0.9%	-0.3%	29.0%	29.3%	4.3 months	68.6%	76.3%	▼	67.6%	69.3%	1.7 times	2.1 times
Scenic Rim Regional Council	-8.1%	-1.8%	12.1%	18.5%	5.4 months	226.5%	142.9%	▼	73.1%	75.6%	3 times	2.3 times
Tier 4 councils												
Cassowary Coast Regional Council	-9.0%	-2.4%	26.4%	30.9%	9 months	73.1%	88.9%	▼	64.0%	67.4%	0.5 times	0.2 times
Central Highlands Regional Council	2.8%	-0.5%	29.0%	26.2%	6.9 months	102.6%	92.5%	▼	64.0%	69.4%	1.4 times	1.7 times
Isaac Regional Council	-8.1%	0.3%	19.8%	25.8%	4.4 months	84.0%	88.7%	▼	66.3%	68.2%	1 times	0.7 times
Livingstone Shire Council	3.4%	2.0%	34.5%	31.1%	14.2 months	31.0%	52.3%	▼	68.1%	71.3%	1.2 times	1.9 times
Mareeba Shire Council	5.0%	12.6%	22.5%	31.3%	17.5 months	89.0%	133.8%	▼	71.1%	78.4%	0.4 times	0.4 times
Somerset Regional Council	-8.0%	-3.0%	8.0%	16.0%	4 months	98.0%	104.0%	▼	71.0%	67.0%	N/A	N/A
South Burnett Regional Council	-11.1%	-3.2%	17.0%	25.1%	9.6 months	119.6%	98.3%	▲	70.9%	70.5%	1.6 times	1.5 times
Southern Downs Regional Council	-2.8%	-0.5%	21.5%	23.0%	9.7 months	210.7%	92.0%	▼	64.9%	65.1%	0.6 times	0.8 times
Tablelands Regional Council	-9.7%	-1.6%	22.2%	24.2%	8.6 months	62.4%	71.5%	▼	63.6%	66.5%	1.2 times	0.5 times
Western Downs Regional Council	0.6%	5.5%	29.6%	33.1%	12.8 months	155.9%	90.0%	▲	65.2%	67.4%	N/A	N/A
Whitsunday Regional Council	-1.8%	3.5%	20.9%	27.6%	12.2 months	127.6%	108.4%	▼	69.1%	72.6%	2 times	2 times

Notes:

¹ The leverage ratio is not required for councils that have no debt as of 30 June 2024.

* There has been no change to this ratio compared to how this was calculated in the previous financial sustainability guideline, hence we have provided a trend analysis for this ratio. Refer also to Figures J1 and J2, which explain the financial sustainability measures and associated benchmarks.

Legend: ▲ an improving trend; ▼ a deteriorating trend.

Source: Queensland Audit Office.

	Operating surplus ratio		Operating cash ratio		Unrestricted cash expense cover ratio	Asset sustainability ratio*			Asset consumption ratio		Leverage ratio ¹	
	Current year	5-year average	Current year	5-year average		Current year	5-year average	5-year average trend	Current year	5-year average	Current year	5-year average
Tier 5 councils												
Banana Shire Council	-11.9%	0.6%	15.5%	27.2%	2 months	259.2%	137.6%	▲	72.0%	72.9%	0 times	0.1 times
Burdekin Shire Council	-4.2%	3.1%	23.4%	27.9%	19.5 months	66.9%	86.3%	▼	63.7%	65.9%	0 times	0 times
Charters Towers Regional Council	-15.2%	-2.6%	1.7%	11.0%	9.1 months	97.7%	90.7%	▼	66.3%	65.0%	0 times	0 times
Douglas Shire Council	-7.4%	-2.2%	11.3%	23.1%	5.1 months	111.4%	110.9%	▲	60.5%	62.1%	N/A	N/A
Goondiwindi Regional Council	-13.9%	-1.0%	13.0%	23.4%	12.4 months	241.8%	161.5%	▲	69.9%	72.0%	N/A	N/A
Hinchinbrook Shire Council	-23.3%	-14.9%	7.7%	12.6%	7 months	33.8%	76.1%	▼	68.3%	66.6%	N/A	N/A
Maranoa Regional Council	-15.3%	-0.8%	5.2%	21.3%	7.4 months	110.6%	127.4%	▼	71.1%	71.2%	2.1 times	1 times
Mount Isa City Council	-21.0%	-5.6%	-2.0%	17.3%	5.8 months	24.7%	41.3%	▼	62.7%	59.9%	-10 times	-0.9 times
North Burnett Regional Council	-67.5%	-27.8%	-12.1%	13.3%	4.7 months	67.6%	95.1%	▼	77.0%	77.8%	-0.4 times	0.2 times
Tier 6 councils												
Balonne Shire Council	-20.0%	-7.2%	-7.4%	9.8%	2.5 months	67.7%	66.2%	▲	69.9%	70.8%	-1.1 times	0.8 times
Baraldine Regional Council	-57.6%	-16.4%	-33.4%	4.8%	0.3 months	138.0%	146.2%	▲	74.9%	73.1%	-0.2 times	0.6 times
Cloncurry Shire Council	-30.2%	-12.3%	9.2%	24.1%	4.5 months	218.3%	189.8%	▲	71.4%	73.3%	3.9 times	2 times
Cook Shire Council	-27.0%	-9.0%	-8.0%	6.0%	3.3 months	56.0%	32.0%	▲	74.0%	68.0%	-0.3 times	5.7 times
Longreach Regional Council	-32.2%	-8.3%	-9.0%	11.8%	6.3 months	69.8%	70.8%	▼	69.9%	70.9%	-3.8 times	1.1 times
Murweh Shire Council	-61.0%	-21.0%	-26.0%	6.0%	-0.4 months	54.0%	84.0%	▼	73.0%	77.0%	-0.6 times	0.5 times
Torres Shire Council	-57.8%	-25.5%	-17.6%	4.4%	9 months	40.3%	67.5%	▼	67.6%	70.5%	0 times	0 times

Notes:

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* There has been no change to this ratio compared to how this was calculated in the previous financial sustainability guideline, hence we have provided a trend analysis for this ratio.

Refer also to Figures J1 and J2, which explain the financial sustainability measures and associated benchmarks.

Legend: ▲ an improving trend; ▼ a deteriorating trend.

Source: Queensland Audit Office.

	Operating surplus ratio		Operating cash ratio		Unrestricted cash expense cover ratio		Asset sustainability ratio*			Asset consumption ratio		Leverage ratio ¹	
	Current year	5-year average	Current year	5-year average	Current year	5-year average	Current year	5-year average	5-year average trend	Current year	5-year average	Current year	5-year average
Tier 7 councils													
Barcoo Shire Council	-67.4%	-26.1%	-13.1%	8.8%	6.2 months	123.4%	65.5%	▲	70.8%	71.0%	N/A	N/A	N/A
Blackall-Tambo Regional Council	-40.6%	-8.3%	-16.2%	11.2%	11 months	120.5%	83.4%	▲	69.6%	71.2%	N/A	N/A	N/A
Boulia Shire Council	-105.8%	-34.8%	-42.6%	4.2%	13.9 months	6.1%	80.7%	▼	72.7%	78.2%	-0.4 times	-0.5 times	-0.5 times
Burke Shire Council	-49.1%	-27.9%	-19.8%	0.1%	2.9 months	136.6%	103.1%	▲	58.5%	63.9%	N/A	N/A	N/A
Bulloo Shire Council	-31.8%	-9.5%	1.5%	21.5%	10.7 months	40.4%	43.0%	▼	81.4%	76.2%	N/A	N/A	N/A
Carpentaria Shire Council	-25.3%	-11.0%	-4.8%	6.3%	2.9 months	15.4%	33.5%	▲	62.2%	73.2%	-2.1 times	0.9 times	0.9 times
Croydon Shire Council	-16.7%	0.7%	-4.9%	13.1%	9.9 months	128.2%	97.3%	▼	73.1%	73.9%	N/A	N/A	N/A
Diamantina Shire Council	Not complete ²												
Etheridge Shire Council	-21.3%	-5.4%	-5.3%	8.7%	2.8 months	16.2%	10.9%	▼	80.3%	80.8%	-2.9 times	-0.6 times	-0.6 times
Flinders Shire Council	-31.6%	2.1%	-10.1%	15.9%	14.3 months	4.2%	64.0%	▲	71.1%	78.2%	-2.5 times	0.1 times	0.1 times
McKinlay Shire Council	-66.5%	-16.3%	-18.0%	19.5%	15.1 months	753.0%	473.8%	▲	66.3%	76.9%	N/A	N/A	N/A
Paroo Shire Council	-30.0%	-12.8%	-1.9%	15.0%	4 months	38.8%	46.5%	▼	65.3%	64.5%	-1.2 times	0.1 times	0.1 times
Quilpie Shire Council	-32.0%	-9.4%	-12.4%	13.1%	5 months	55.8%	42.3%	▲	78.1%	78.8%	N/A	N/A	N/A
Richmond Shire Council	-64.4%	-19.4%	-18.4%	9.7%	9 months	127.6%	170.0%	▲	76.6%	79.0%	-0.6 times	0.6 times	0.6 times
Winton Shire Council	-100.0%	-24.3%	-52.9%	4.3%	11.8 months	251.0%	266.7%	▼	72.0%	73.6%	-0.1 times	0.3 times	0.3 times

Notes:

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² The 2023–24 audit for this council was not complete by the date of this report. As this is the first time all sustainability measures have been reported by councils, there are no ratios from previous audited financial statements included in this table.

* There has been no change to this ratio compared to how this was calculated in the previous financial sustainability guideline, hence we have provided a trend analysis for this ratio. Refer also to Figures J1 and J2, which explain the financial sustainability measures and associated benchmarks.

Legend: ▲ an improving trend; ▼ a deteriorating trend.

Source: Queensland Audit Office.



	Operating surplus ratio		Operating cash ratio		Unrestricted cash expense cover ratio	Asset sustainability ratio			Asset consumption ratio		Leverage ratio ¹	
	Current year	5-year average	Current year	5-year average		Current year	5-year average	5-year average trend	Current year	5-year average	Current year	5-year average
Tier 8 councils												
Aurukun Shire Council	-31.2%	-12.8%	-0.5%	12.5%	10.3 months	10.2%	11.6%	▲	60.5%	64.4%	-5.0 times	1.9 times
Cherbourg Aboriginal Shire Council	-76.2%	-34.4%	-2.6%	8.3%	4.5 months	23.1%	80.5%	▼	64.7%	70.8%	N/A	N/A
Doomadgee Aboriginal Shire Council	-39.0%	-16.0%	-3.0%	16.0%	4 months	137.0%	82.0%	▲	63.0%	66.0%	N/A	N/A
Hope Vale Aboriginal Shire Council	2.8%	5.8%	27.9%	29.6%	34.7 months	72.2%	87.8%	▼	61.0%	62.1%	N/A	N/A
Kowanyama Aboriginal Shire Council	-39.6%	-29.6%	11.9%	14.8%	9.2 months	89.7%	115.5%	▲	52.4%	53.2%	0.5 times	0.2 times
Lockhart River Aboriginal Shire Council	-19.7%	-12.9%	-5.8%	0.7%	4.1 months	12.0%	82.7%	▲	75.3%	74.5%	N/A	N/A
Mapoon Aboriginal Shire Council	-50.0%	-30.5%	-22.1%	-7.8%	2.9 months	0.0%	42.0%	▼	80.8%	81.8%	N/A	N/A
Mornington Shire Council	Not complete ²											
Napranam Aboriginal Shire Council	-50.5%	-27.9%	-26.7%	-4.4%	1.3 months	114.7%	32.9%	▲	55.3%	58.3%	N/A	N/A
Northern Peninsula Area Regional Council	Not complete ²											
Palm Island Aboriginal Shire Council	Not complete ²											
Pormpuraaw Aboriginal Shire Council	-6.2%	2.7%	25.9%	35.7%	46.3 months	32.9%	41.4%	▼	65.6%	63.8%	N/A	N/A
Torres Strait Island Regional Council	-100.0%	-92.0%	-14.0%	-6.0%	1 months	26.0%	27.0%	▼	47.0%	51.0%	N/A	0 times
Woorabinda Aboriginal Shire Council	Not complete ²											
Wujal Wujal Aboriginal Shire Council	Not complete ²											
Yarrabah Aboriginal Shire Council	-47.1%	-37.2%	-11.0%	1.3%	4.1 months	66.6%	36.5%	▲	61.2%	64.8%	N/A	N/A

Notes:

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* There has been no change to this ratio compared to how this was calculated in the previous financial sustainability guideline, hence we have provided a trend analysis for this ratio.

Refer also to Figures J1 and J2, which explain the financial sustainability measures and associated benchmarks.

Legend: ▲ an improving trend; ▼ a deteriorating trend.

Source: Queensland Audit Office.



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