

Financial audit update

23 February 2024

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Director, Financial Audit

VAGO

Acknowledgement of Country

The Victorian Auditor-General's Office (VAGO) acknowledges the Traditional Custodians of the lands and waters throughout Victoria.

We pay our respects to Aboriginal and Torres Strait Islander communities, their continuing culture, and to Elders past and present.

Yaalingbu, Yirramboi—Nallei Jerring (Today, Tomorrow—Adjoin)
By Simone Thompson, Wurundjeri/Yorta-Yorta



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1. Insights from 2022–23
2. Areas of focus as we tackle 2023–24
3. Tips for success
4. Parliamentary reports
5. Questions

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Open items

Audit engagements

3 audits

- 1 council
- 1 library
- 1 associated entity

Acquittals

2022-23	
R2R	13
LRCI	50

2021-22	
R2R	Nil
LRCI	17

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Audit findings

Audit adjustments	180	21% increase on PY
Open audit issues (High & Moderate risk issues)	232	8% increase on PY

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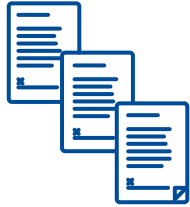
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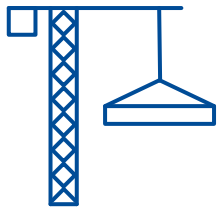
Questions

Observations in relation to PIPE



Fixed asset registers

- not reconciled with GL
- maintained in multiple spreadsheets



Work-in-progress

- contain negative balances
- not reconciled with GL
- contain projects with no charging



Depreciation

- understated due to delay in capitalisation date
- not captured for monthly/quarterly management accounts

Valuation

- audit adjustments

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Draft financial reports not streamlined

opportunity to save



missed

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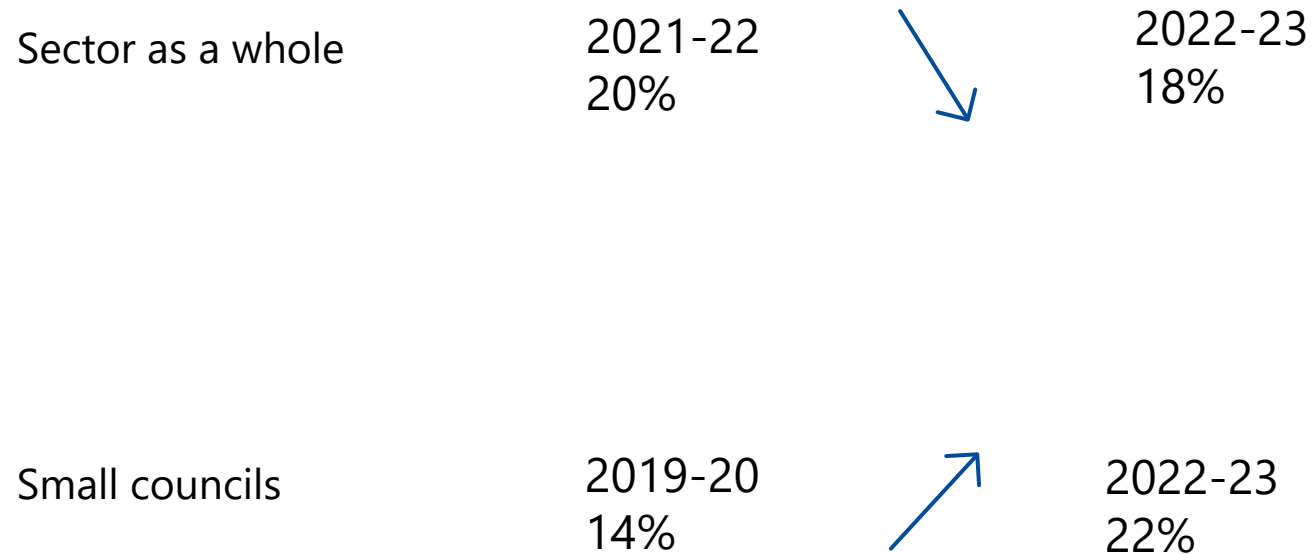
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Staff turnover rates



Above sector average year on year

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Variability of government grants

Financial assistance grants	2023-24 %	2022-23 %	2021-22 %	2020-21 %
% of funding paid in the year to which the funding relates	0	25	50	50
Percentage of funding paid in advance of the financial year to which the funding relates	?	100	75	50
Total	?	125	125	100

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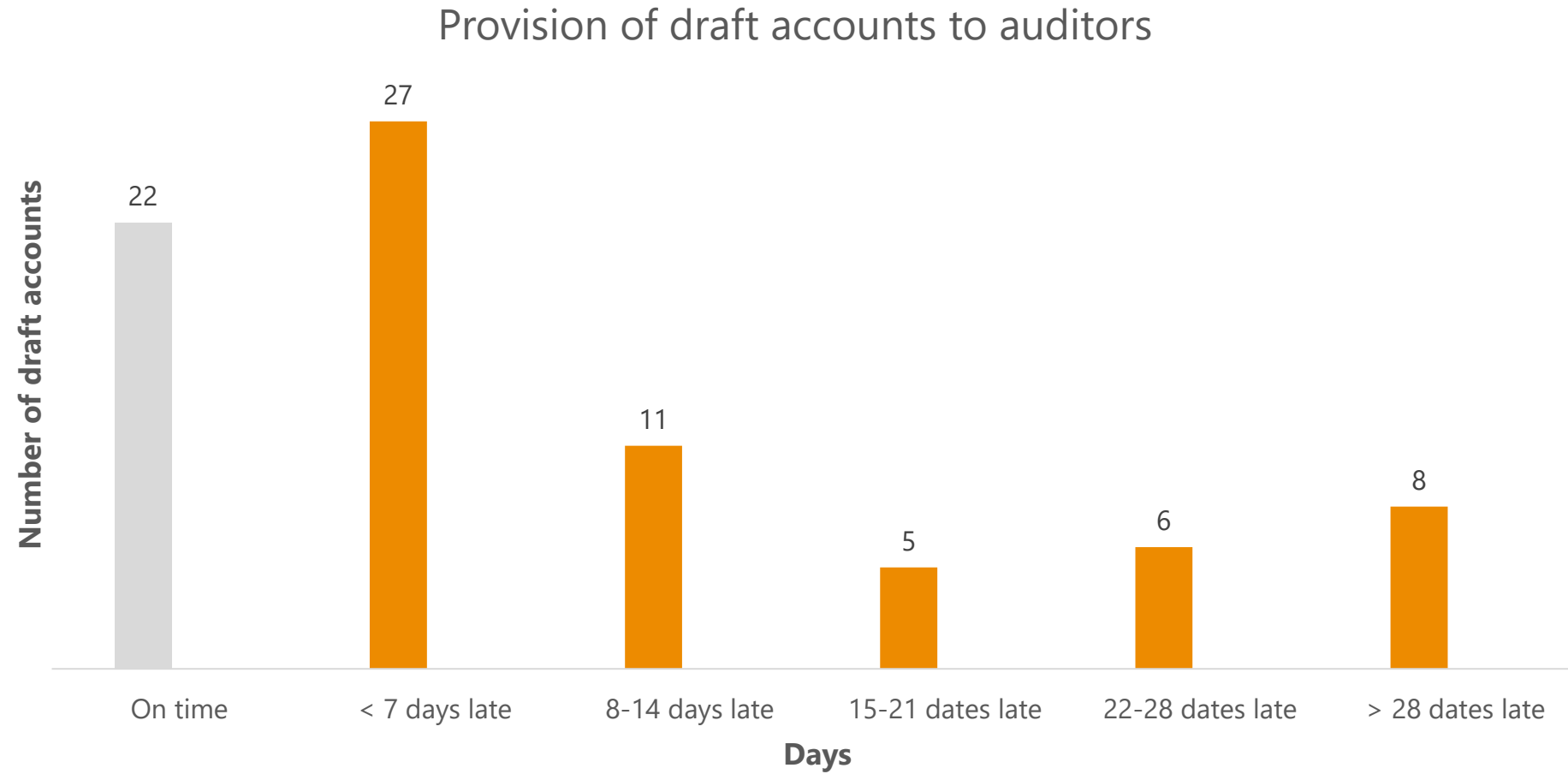
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Delays in preparing draft accounts



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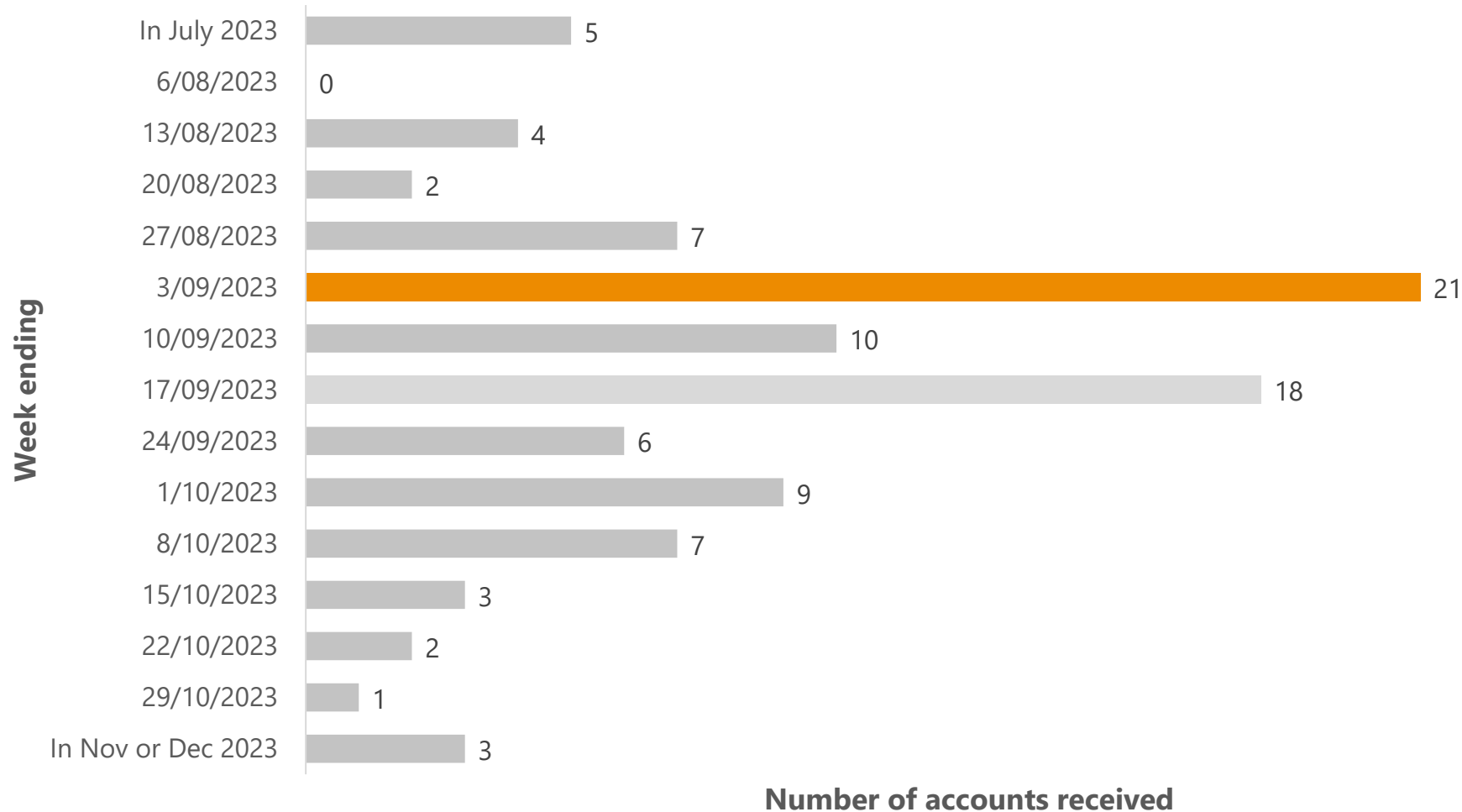
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Number of draft accounts received by week



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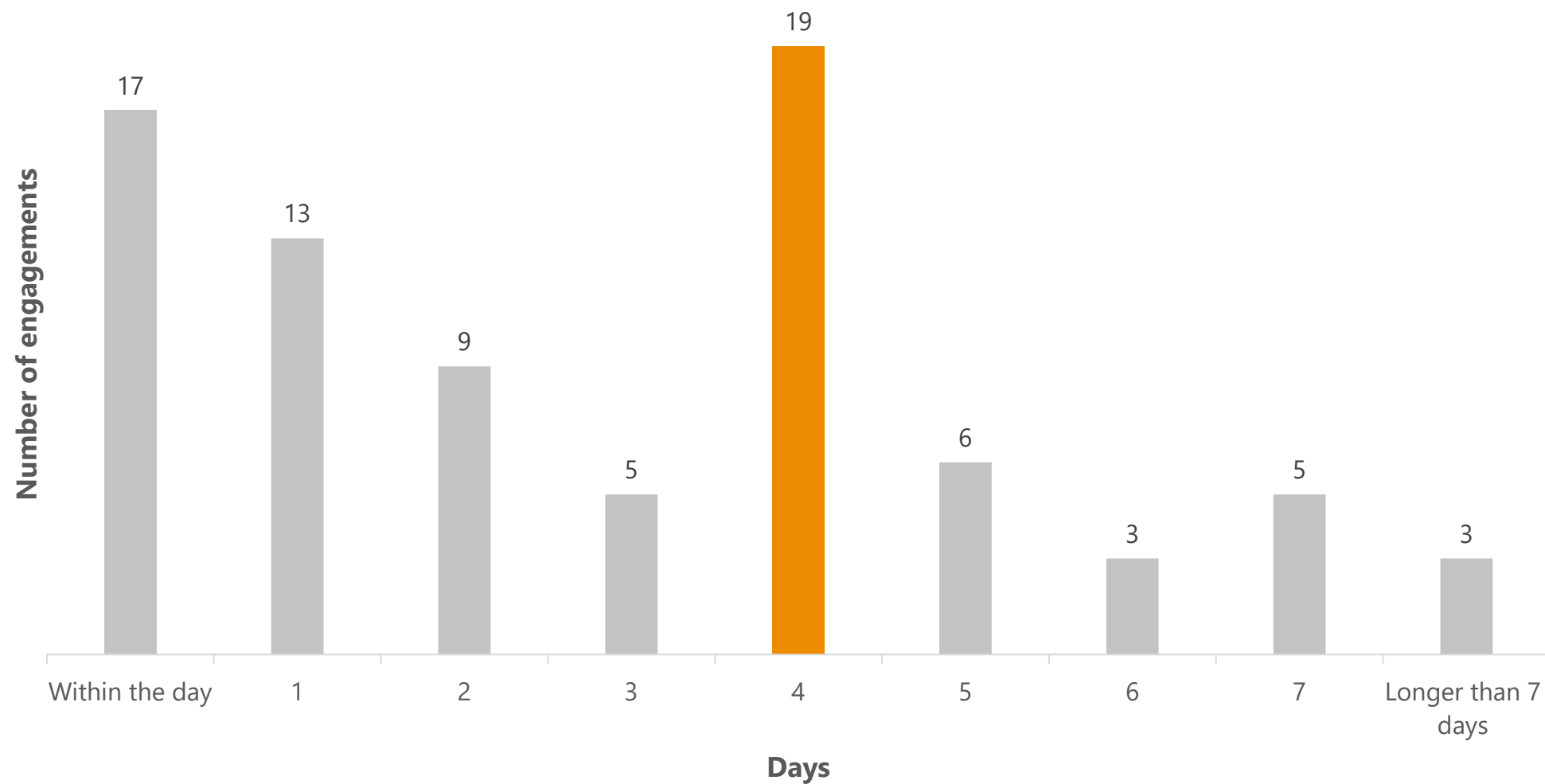
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VAGO review of draft accounts

(outsourced audits)



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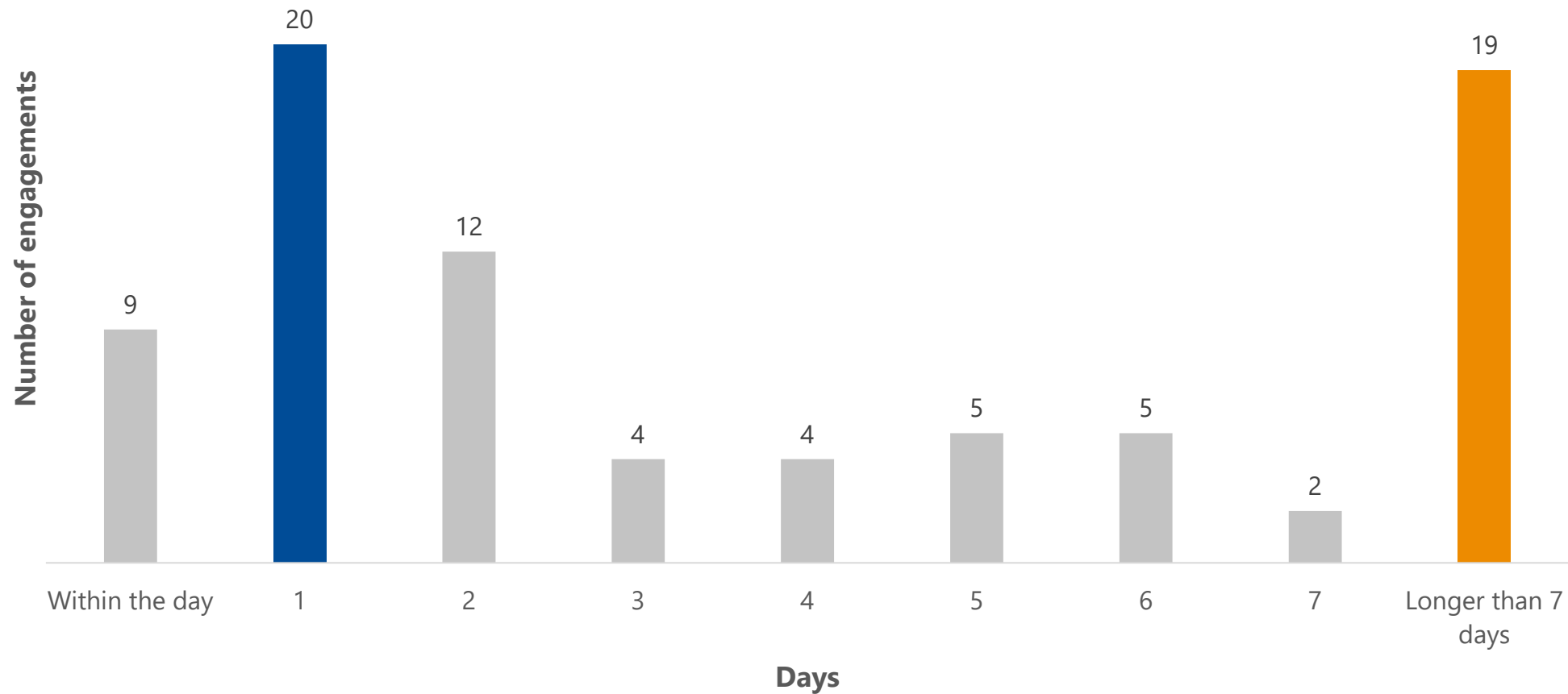
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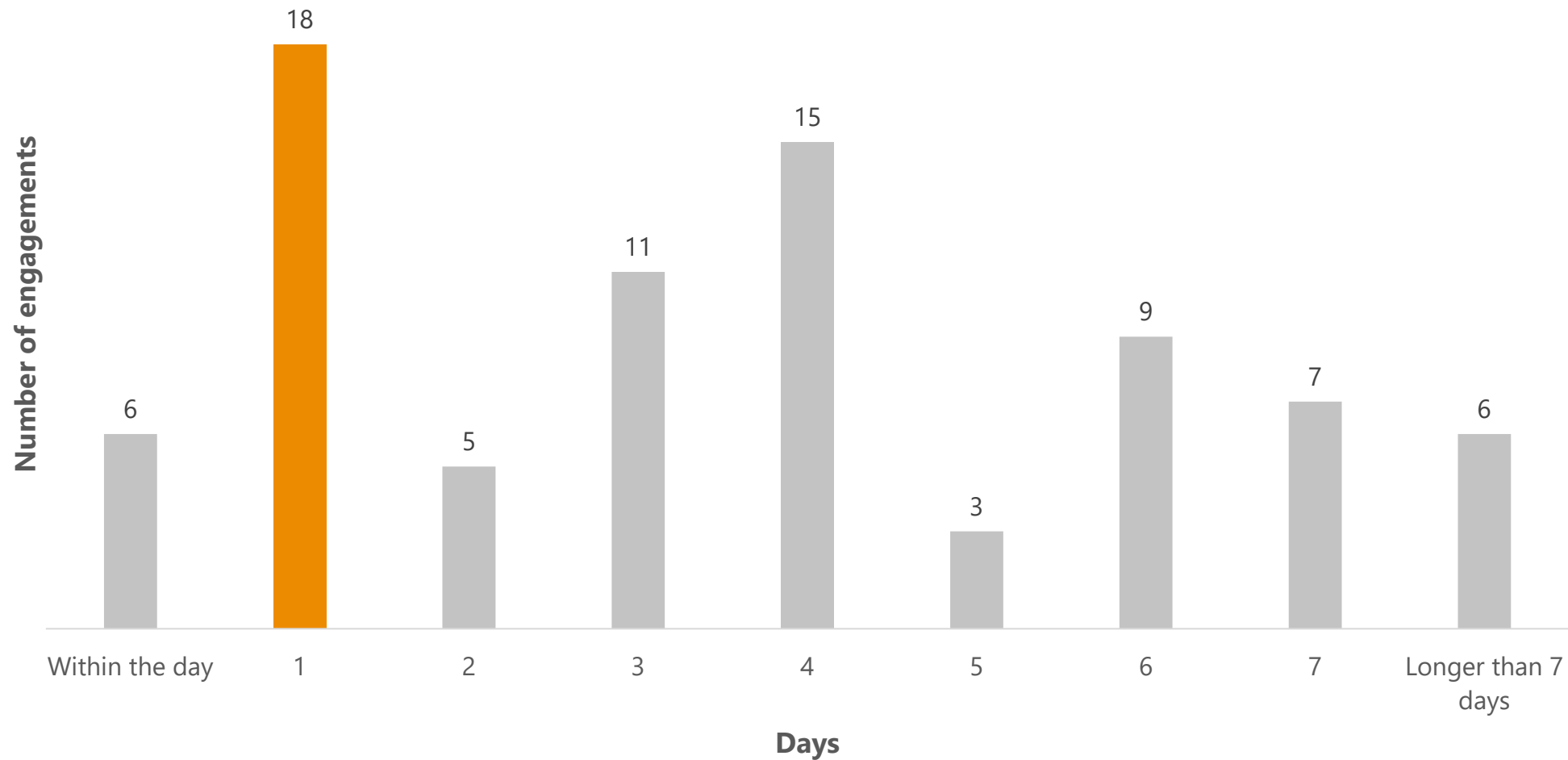
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Days between signing and lodgement *(outsourced audits)*

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Release of audit report after receipt of signed accounts *(outsourced audits)*



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Average lead time of audit opinions

Statements certified by agency



VAGO receives



VAGO opinion issued



5 days

4 days

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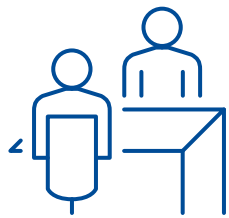
PIPE – fair value assessment and asset valuations



Timing



Key assumptions



Use of
experts



Finance, engineers, asset
manager



Briefing to ARC



Disclosure

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Performance statement

There are changes to the model



- ✓ Systems to capture data



- ✓ Supporting evidence



- ✓ Responsible person and quality assurance



- ✓ Explanation for variance – actual v's actual & actual v's target

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2023-24 areas of audit focus

Developments

- Election year** Timelines
The general Council election is currently scheduled for 26 October.
- Natural disasters** With recent events, remember assistance is available under the Disaster Recovery Funding Arrangements 2018.

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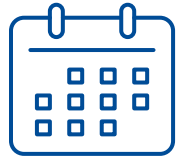
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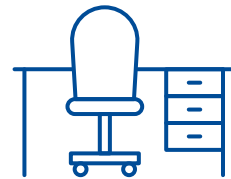
Prepare and plan



Understand and secure your resource needs



Prepare shell accounts



Year-end process should be an extension of month-end



Discuss, brief and resolve key issues ... involve your ARC members

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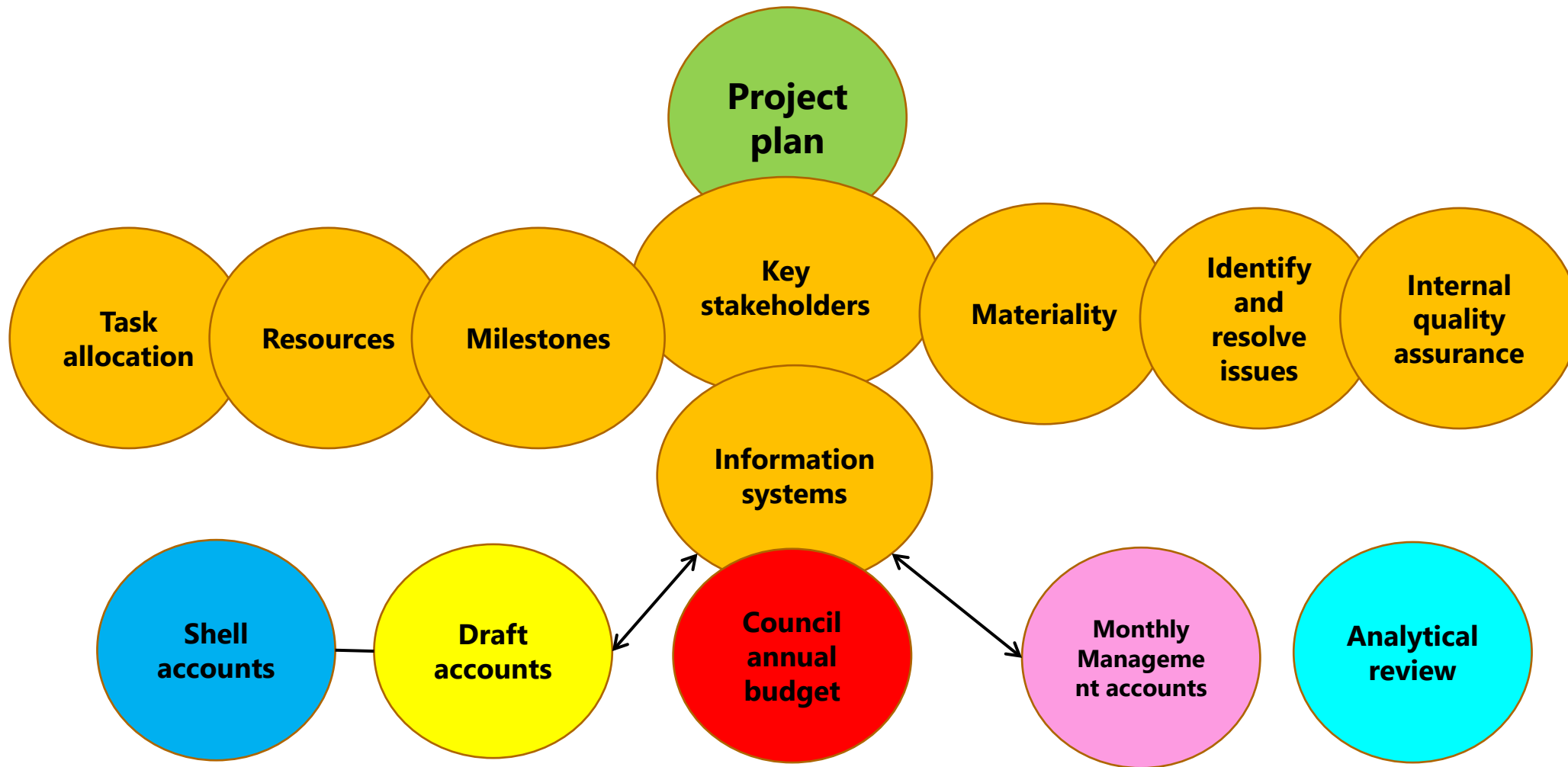
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Results of 2022–23 Audits: Local Government

Proposed tabling date

March 2024



Annual Plan 2024-25

June 2024



Financial Management of Local Councils

August 2024



Developing Fishermans Bend

September 2024

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What do you see?

opportunityisnowhere

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I see ...

opportunity **is now** here

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