

VAGO status report

Local Government update

June 2024



VAGO Annual Plan

Annual Plan 2024-25

- prepared pursuant to the requirements of Section 73 of the Audit Act 1994
- tabled in the Parliament of Victoria on 20 June 2024

<https://www.audit.vic.gov.au/report/annual-plan-2024-25>

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VAGO Audit Committee forum

Event Details

The Victorian Auditor-General's Office is pleased to formally invite Audit Committee Chairs to attend our Audit Committee forum on Thursday, 4 July 2024 to explore the latest and emerging public sector trends and insights as we head into the 2024-25 year.

This will once again be a virtual event through Microsoft Teams. The forum will be hosted by Andrew Greaves, Auditor-General.

Date: Thursday 4 July 2024

Time: 9:30 – 10:45 am

Format: Virtual event

Agenda

Topic	Presenter
VAGO's Annual Plan 2024-25	Megan Kirchner, Assistant Auditor-General Parliamentary Reports and Services
Common themes from our performance engagements	Andrew Greaves, Auditor-General
Emerging trends in accounting and assurance	Roberta Skliros, Assistant Auditor-General, Financial Audit
Cybersecurity	Dave Barry, Deputy Auditor-General
Q&A Session	VAGO Strategic Management Group

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VAGO Reporting on Local Government Performance dashboard

Our dashboard collects *Local Government Performance Reporting Framework* data and allows users to see how their council compares to similar councils for 58 performance measures.

<https://www.audit.vic.gov.au/dashboards/reporting-local-government-performance-0>

VAGO Significant accounting developments

Our Financial Reporting Advisory team has released a publication on *Significant accounting developments*

<https://www.audit.vic.gov.au/news/significant-accounting-developments-20230206>

VAGO Transparency Report

Our Transparency Report 2022–23 expands on our Annual Report 2022–23 by outlining our quality control system and how it applies to our audits. Contains details of entities we audit and their annual audit fee over the past 4 years.

<https://www.audit.vic.gov.au/sites/default/files/Corporate%20publications/20240419-Transparency-Report-2023.pdf>

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Local government sector

2024-25

Natural disaster recovery and resilience

Recovering and reprocessing resources from waste: effectiveness of system reforms

Reporting on local government performance: follow-up

Other sectors

2024-25

Maintaining the condition of state-managed roads

Fair presentation of service delivery performance: 2024

Major projects performance reporting: 2024

Responses to performance engagement recommendations: annual status update 2024

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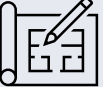
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Involving local government

Engagement	Planned tabling	Our objective is to determine ...
 Financial management of local councils (link)	TBD	whether councils effectively manage their financial resources to fulfil their responsibilities and enable continued financial sustainability.
 Developing Fishermans Bend (link)	TBD	whether responsible agencies are effectively delivering the Fishermans Bend Framework.

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Involving other sectors

Engagement	Planned tabling	Our objective is to determine ...
 Managing state-significant risks (link)	June 2024	whether agencies are working collaboratively to identify and manage state-significant risks.
 Assuring the integrity of the Victorian Government's procurement activities (link)	June 2024	whether Victorian Government departments manage the risk of fraud and corruption when procuring goods and services.

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Council election October 2024

- A general Council election is currently scheduled to occur on **26 October 2024**.
- In light of an electoral structure review, 39 councils will alter their electoral structure before the October 2024 general election.

<https://www.localgovernment.vic.gov.au/council-governance/electoral-representation-advisory-panels-eraps>

Care-taker period

- Local Government Victoria (LGV) has advised:
 - the care-taker period is intended to commence at **12pm on 17 September 2024**
 - Councillors can adopt of the financial report and performance statement during the care-taker period as this matter is considered routine business
 - Councils can present their annual report at a meeting open to the general public during the care-taker period

Annual reporting timelines

- The *Local Government Act 2020* requires council annual reports – which includes the audited financial reports and performance statements associated audit reports – to be finalised no later than one day prior to the election in a general election year.

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2023-24 financial audits

Model financial report and performance statement

LGV released the 2023-24 model financial report and performance statement on 23 February 2024.

Councils are encouraged to prepare shell accounts prior to 30 June 2024.

Key areas of focus:

Financial report

- Valuation of land, buildings and infrastructure assets
- Government funding
- Provision for landfill
- Information technology controls as they relate to financial reporting

Performance statement

- Compliance with the model performance statement, noting there are changes to the indicators to be audited
- Systems in place to capture financial and non-financial data underpinning the reported results

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Valuation of land, buildings and infrastructure assets

We recommend that finance teams, prior to 30 June each year, prepare and present a paper to their audit and risk committee that outlines:

- the requirements of the council's accounting policy with respect to property, infrastructure assets, plant and equipment
 - ❑ the asset capitalisation threshold
 - ❑ which asset classes are recorded at cost v's fair value
 - ❑ the frequency of assets valuations
- date of the last independent valuation by asset class
- their approach to assessing the fair value of each class of property, infrastructure assets, plant and equipment in the current year
 - ❑ the asset classes scheduled for an independent revaluation in the current year v's those subject to a desktop valuation
 - reference point for a desktop valuation (i.e. Rawlinsons construction guide or ABS producer price indice)
 - ❑ how asset condition data is captured and considered in the fair value assessment
 - ❑ key assumptions being adopted
 - ❑ key milestones being worked towards
- likely outcomes for the respective reporting cycle (expected movements in fair value relative to the existing carrying amount and resultant impact on the financial report).

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Results of 2022-23 Audits: Local Government report

The *Results of 2022-23 Audits: Local Government report* was tabled in parliamentary on 7 March 2024

<https://www.audit.vic.gov.au/report/results-2022-23-audits-local-government>

The report

- provides a summary of outcomes from our audit of the local government sector for 2022-23
 - ❑ largely focus on the 79 Victorian councils
 - ❑ contains an analysis and discussion of financial outcomes and emerging risks
 - ❑ details key internal control and financial reporting issues
- contains 6 recommendations
 - ❑ 4 directed to all councils

Our website also contains a [financial dashboard](#) with 6 years of financial data by council.

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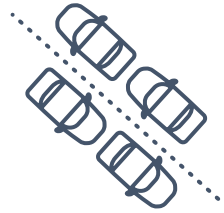
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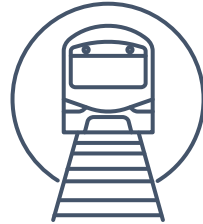


Effectiveness of Arterial Road Congestion Initiatives

Tabled June 2024

We assessed the effectiveness of arterial road congestion initiatives in managing traffic congestion.

[Link](#)



Metro Tunnel Project: Phase 3 – Systems Integration, Testing and Commissioning

Tabled June 2024

We examined if the Metro Tunnel Project's systems integration, testing and commissioning activities are proceeding as planned.

[Link](#)



Assuring the Integrity of the Victorian Governments Procurement Activities

Tabled June 2024

We examined if departments use suitable controls to prevent, detect and investigate fraud and corruption when procuring goods and services.

[Link](#)

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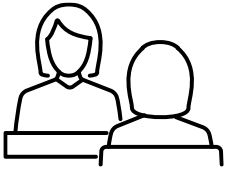
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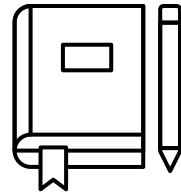


Guardianship and Decision-making for Vulnerable Adults

Tabled May 2024

Examined if the Office of the Public Advocate provides guardianship and investigation services that promote and protect the rights and interests of vulnerable adults..

[Link](#)

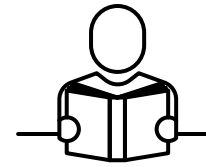


Literacy and Numeracy Achievement Outcomes for Victorian Students

Tabled May 2024

Examined whether the Department of Education (the department) is improving literacy and numeracy achievement outcomes for all Victorian government school students.

[Link](#)



Follow-up of Management of the Student Resource Package

Tabled May 2024

Examined if the Department of Education (the department) has addressed the recommendations from our 2020 report Management of the Student Resource Package.

[Link](#)

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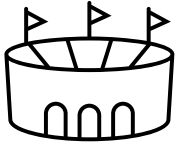
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For a complete listing of VAGO tabled reports, refer to <https://www.audit.vic.gov.au/search/reports>

Recently tabled audits



Withdrawal from Commonwealth Games 2026

Tabled March 2024

Examined the cost of securing, planning for and then withdrawing from the 2026 Commonwealth Games (the Games) and the quality of agencies' advice to the government.

[Link](#)



Results of 2022–23 Audits: Local Government

Tabled March 2024

Examined the results of VAGO's 2022-23 financial audits of the Victorian local government sector

[Link](#)



Reducing the Harm Caused by Drugs on Victorian Roads

Tabled December 2023

Examined whether Victoria Police's roadside drug testing program (the program) operates effectively and achieves intended outcomes.

[Link](#)

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Municipal Monitors

- Brimbank City Council
<https://www.premier.vic.gov.au/monitors-appointed-brimbank-city-council>
- Buloke Shire Council
<https://www.premier.vic.gov.au/municipal-monitor-appointed-buloke-shire-council>
- Darebin City Council
<https://www.premier.vic.gov.au/monitors-appointed-darebin-city-council>
- Glenelg Shire Council
<https://www.premier.vic.gov.au/monitors-re-appointed-glenelg-shire-council>
- Greater Geelong City Council
<https://www.premier.vic.gov.au/geelong-municipal-monitors-appointed>
- Moonee Valley Council
<https://www.premier.vic.gov.au/second-municipal-monitor-moonee-valley-council>

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Administrators

- Casey City Council
<https://www.casey.vic.gov.au/news/three-administrators-appointed-casey>
- Moira Shire Council
<https://www.premier.vic.gov.au/moira-shire-panel-administrators-appointed>
- Strathbogie Shire Council
<https://www.premier.vic.gov.au/strathbogie-shire-council-administrator-re-appointed>
- Whittlesea City Council
<https://www.whittlesea.vic.gov.au/about-us/council/administrators/>

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Independent Broad-based Anti-corruption Commission (IBAC)

Local government - snapshot and key insights

This profile examines corruption and misconduct risk for the sector.

<https://www.ibac.vic.gov.au/local-government-snapshot-and-key-insights>

25 September 2023

Corruption and misconduct risks for local government

Insights on specific corruption risks for the local government sector, councillors and employees, as well as related prevention and detection strategies.

<https://www.ibac.vic.gov.au/corruption-and-misconduct-risks-local-government>

25 September 2023

Prevention and detection strategies for local government

Insights on specific corruption risks for the local government sector, councillors and employees, as well as related prevention and detection strategies.

<https://www.ibac.vic.gov.au/prevention-and-detection-strategies-local-government>

25 September 2023

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Independent Broad-based Anti-corruption Commission (IBAC)

Operation Watts progress report

Operation Watts scrutinised how branch stacking in the Victorian branch of the Australian Labor Party (ALP) resulted in the alleged misuse of public funds for party political purposes, and subversion of parliamentary standards and processes.

The report sets out the steps taken by the state government in addressing the recommendations raised by IBAC and the Ombudsman in their Operation Watts investigation report, which was tabled in July 2022.

<https://www.ibac.vic.gov.au/operation-watts-progress-report>

14 September 2023

Perceptions of corruption 2023: Members of Parliament (MPs) and Local Government Councillors

IBAC released the findings of its Perceptions of Corruption Survey completed by Victorian Members of Parliament (MPs) and local government councillors.

<https://www.ibac.vic.gov.au/mps-and-councillors-reveal-their-perceptions-corruption-within-government>

29 August 2023

Operation Sandon special report

IBAC held public hearings during 2019 and 2020 into allegations of serious corrupt conduct in relation to planning and property development decisions at the City of Casey council.

<https://www.ibac.vic.gov.au/operation-sandon-special-report>

27 July 2023

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Victorian Ombudsman

Marlo Baragwanath appointed Victorian Ombudsman

Marlo Baragwanath commenced as the Victorian Ombudsman on 30 March 2024.

<https://www.premier.vic.gov.au/next-victorian-ombudsman-appointed>

27 February 2024

Alleged politicisation of the public sector: Investigation of a matter referred from the Legislation Council on 9 February 2022 – Part 2

The report details key findings and observations and recommendations for reform.

<https://www.ombudsman.vic.gov.au/our-impact/investigation-reports/alleged-politicisation-of-the-public-sector/#summary>

6 December 2023

Misconduct in public organisations: A casebook

The report delves into seven case studies, discussing individuals engaging in misconduct and systems failing to manage misconduct risks.

<https://www.ombudsman.vic.gov.au/our-impact/news/lifting-the-veil-on-misconduct-in-public-organisations/>

9 August 2023

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Tasmanian Auditor-General

Martin Thompson appointed Auditor-General of Tasmania

Martin Thompson commenced as the Auditor-General of Tasmania on 1 May 2024. For further details, refer:

https://www.premier.tas.gov.au/site_resources_2015/additional_releases/new-auditor-general-of-tasmania-appointed

14 February 2024

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