

# VAGO status report

## Local Government update

November 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 hosted an Audit Committee forum on Thursday, 4 July 2024.

## 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 Skiros, Assistant Auditor-General, Financial Audit
Cybersecurity	Dave Barry, Deputy Auditor-General
Q&A Session	VAGO Strategic Management Group

The forum was recorded and can be watched at the following link:

<https://www.youtube.com/watch>

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# VAGO publications

## VAGO Annual Report 2023-24

<https://www.audit.vic.gov.au/report/annual-report-2023-24>

## 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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# Performance audit engagements

## Involving local government

Engagement	Planned tabling	We plan to examine ...
 Financial management of local councils ( <a href="#">link</a> )	February / March 2025	whether councils effectively manage their financial resources to fulfil their responsibilities and enable continued financial sustainability.
 Developing Fishermans Bend ( <a href="#">link</a> )	February 2025	whether responsible agencies are effectively delivering the Fishermans Bend Framework.
 Reporting on local government performance: follow-up ( <a href="#">link</a> )	February 2025	acquittal of the recommendations from the 2019 engagement <i>Reporting on Local Government Performance</i> .
 Recovering and reprocessing resources from waste: effectiveness of system reforms ( <a href="#">link</a> )	April 2025	whether relevant state authorities and local governments are implementing system reforms and effectively managing emerging waste and recycling challenges.
 Natural disaster recovery and resilience ( <a href="#">link</a> )	August 2025	whether governance arrangements described in Victoria's Recovery Framework effectively support recovery efforts in regional communities following a major emergency. The October 2022 floods will be the test case for the effectiveness of the governance arrangements.
 Realising the benefits identified in the Suburban Rail Loop business case ( <a href="#">link</a> )	September 2025	whether SRL East precincts are being planned in a way that the benefits identified in the SRL business case can be realised.

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# Financial audit

## Local government

### 2024-25 financial reporting cycle



AASB 13 *Fair Value Measurement* has been amended.

The amendments are applicable for the 2024-25 financial year for agencies with a 30 June balance date.

Amendments include authoritative implementation guidance to be followed by not-for-profit public sector entities when measuring their non-financial assets not held primarily for their ability to generate cash inflows at fair value.

Key amendments include:

- assessing highest and best use of assets
- developing unobservable inputs and
- application of the cost approach to fair value.

Finance teams and their Audit and Risk Committee should familiarise themselves with the amendments. A briefing paper should be prepared and considered, discussions with your valuer should occur early in the piece.

For an overview of the amendments and our implementation recommendations refer to our tech alerts 2024-1 and 2023-1 on our website at:

<https://www.audit.vic.gov.au/news/significant-accounting-developments-may-2024>

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# Financial audit

## Local government

### 2024-25 financial audits

Audit planning activities to kick off from December 2024. New audit engagement letters will be issued where we have a change in Board chair, Mayor or Chief Executive Officer.

#### Key areas of focus:

##### Financial report

- Change in key personnel
- Valuation of land, buildings and infrastructure assets
- Government funding
- Developer contributed assets
- Provision for landfill
- Information technology controls as they relate to financial reporting

##### Performance statement

- Systems in place to capture financial and non-financial data underpinning the reported results

### 2023-24 financial audits

The local government sector comprises 103 agencies. As at 31 October 2024 only 8 audits remained in progress.

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# Financial audit

## Local government

### Results of 2023-24 Audits: Local Government report

The report is being drafted. At this stage, the report is expected to be tabled in Parliament during February 2025.

### Results of 2022-23 Audits: Local Government report

The report was tabled in Parliament 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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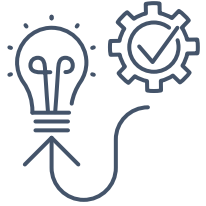
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# Recently tabled audits



## Responses to Performance Engagement Recommendations: Annual Status Update 2024

*Tabled October 2024*

*We conduct this annual review to monitor how agencies address our findings. We looked at the status of recommendations we made between July 2018 and June 2023.*

[Link](#)



## Protecting the biosecurity of agricultural plant species

*Tabled October 2024*

*We examined if Agriculture Victoria, within the Department of Energy, Environment and Climate Action (DEECA), effectively prepares for, prevents, manages, and responds to plant pests and diseases in Victoria.*

[Link](#)

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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



## Building a Capable and High-performing Public Service Workforce

*Tabled August 2024*

*We examined if public service bodies have policies, guidance materials and practices in place throughout the employee lifecycle to build a capable and high-performing workforce.*

[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](#)



## Managing State-significant Risks

*Tabled June 2024*

*We examined if agencies are working collaboratively to identify and manage state-significant risks (SSRs) and if the Department of Treasury and Finance (DTF) provides confidence to the Assistant Treasurer and Treasurer on how well agencies manage them.*

[Link](#)

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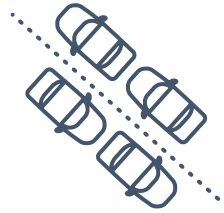
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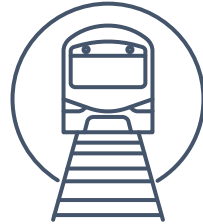


## Effectiveness of Arterial Road Congestion Initiatives

*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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# Active governance matters

## 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>
- Casey City Council  
<https://www.premier.vic.gov.au/monitors-appointed-casey-strathbogie-and-whittlesea>
- Colac Otway Shire Council  
<https://www.premier.vic.gov.au/monitor-appointed-colac-otway-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>
- Horsham Rural City Council  
<https://www.premier.vic.gov.au/monitor-be-appointed-horsham-rural-city-council>

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# Active governance matters

## Municipal Monitors

- Moonee Valley Council  
<https://www.premier.vic.gov.au/second-municipal-monitor-moonee-valley-council>
- Strathbogie Shire Council  
<https://www.premier.vic.gov.au/monitors-appointed-casey-strathbogie-and-whittlesea>
- Whittlesea City Council  
<https://www.premier.vic.gov.au/monitors-appointed-casey-strathbogie-and-whittlesea>

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# Active governance matters

## Administrators

- Moira Shire Council

<https://www.premier.vic.gov.au/moira-shire-panel-administrators-appointed>

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# Other integrity bodies

## Independent Broad-based Anti-corruption Commission (IBAC)

### Operation Leo special report

This report sets out the findings of the Independent Broad-based Anti-corruption Commission's (IBAC) investigation Operation Leo, which examined allegations of bribery and misconduct by councillors at Moonee Valley City Council.

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

9 October 2024

### Victorian perceptions of corruption 2024

In line with IBAC's corruption prevention function, IBAC periodically undertakes the Perceptions of Corruption survey across seven stakeholder groups. The results of these surveys help to understand perceptions about the prevalence of corruption and misconduct and attitudes, barriers and motivators that lead to reporting and prevention of corruption and misconduct.

<https://www.ibac.vic.gov.au/victorian-perceptions-corruption-2024>

2 October 2024

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# Other integrity bodies

## 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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# Other integrity bodies

## 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/>

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## Queensland Auditor-General

Rachel Vagg commenced as the Auditor-General of Queensland on 12 August 2024. For further details, refer:

[Queensland's first female Auditor-General appointed - Ministerial Media Statements](#)

09 July 2024

## Tasmanian Auditor-General

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

14 February 2024

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