

End of FY 2014 Audit Update

Jan-Michael Perez CA
Senior Audit Manager, Local Government
Financial Audit

1. Results of FY 2014 audits
2. AASB 13 *Fair value measurement*
3. Internal controls – interim and final management letters
4. Local government – *Results of 2013–14 audits*
5. Performance audit reports
6. FY 2015 audits

1. Results of FY 2014 audits

- Clear opinions issued on 75 financial reports and performance reports by the statutory reporting time frame of 30 September 2014
- Overall a good result for the year.

2. AASB 13 *Fair value measurement*

- First time implementation was handled reasonably well
- Areas to be considered for improvement going forward:
 - Refinement of disclosures (including unobservable inputs)
 - Basis for categorisation in the fair value hierarchy
- Fair valuation of non-financial assets
 - Revaluation exercise
 - “Found” assets
 - Quality assurance processes

3. Internal controls – interim and final management letters

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Interim and final management letters should have been issued

- Issues reported in those management letters include current and prior period
- VAGO expectation that these are actively monitored and actioned on a timely basis
- A follow up of outstanding management letter items will be performed as part of 2014–15 planning process with a status update provided as part of the 2014–15 interim management letter.

4. Local Government: *Results of Audits 2013–14*

- Financial results for the majority of councils have been received and collated
- Confirmation of data / fact checking nearing completion
- Final results are in the process of being compiled and will be sent to the Chief Executive Officer of your council.
- Anticipated tabling date is February 2015 (no sitting dates in November 2014)
- Results from the focus areas creditor management and grant management are still being reviewed.

5. Performance audit reports

Managing Landfills

Tabled 3 September 2014

The objective of this audit was to determine whether landfills in Victoria are being appropriately regulated, constructed, managed and rehabilitated so as not to pose an unacceptable risk to the environment, human health and local amenity.

Findings:

- Four audited councils have made significant efforts to comply with regulatory reforms – management of highest risks at landfills has significantly improved
- Areas for improvement identified with respect to better management of localised risks to the environment and community amenity from landfills.

5. Performance audit reports - upcoming reports

Information and Communication Technology Controls: *Results of the 2013–14 Audits*

- Report provides an analysis of common themes relating to IT audit findings and the maturity of IT controls across 39 entities and highlights key and emerging issues observed as part of the IT audits.
- The report is expected to be tabled in October 2014 for the results of financial year 2013–14.

Effectiveness of support for local government

- The audit will assess how efficiently and effectively support is delivered to achieve intended outcomes and determine whether value for money is being achieved.
- Report is expected to be tabled in February 2015

5. Performance audit reports - future reports

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VAGO 2014–15 Annual Plan

Effectiveness of councillor training and support

Assess whether councillor training, professional development and support are effective in preparing and equipping councillors to competently, professionally and impartially perform their duties and responsibilities.

6. FY 2015 audits

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Audit conduct

- Some councils may have had a change in audit service providers
- Those affected would have been formally notified of the revised arrangements in late July.

Performance reporting framework

- VAGO in the process of refining its audit program
- Completeness and accuracy of data that form the basis of indicators
- Better practice guide from LGV

Contact details

Tim Loughnan CA

Sector Director – LG

Phone: 8601 7086

Email : tim.loughnan@audit.vic.gov.au

Remy Szpak CPA

Audit Manager – LG

Phone: 8601 7077

Email : remy.szpak@audit.vic.gov.au

Jan-Michael Perez CA

Senior Audit Manager – LG

Phone: 8601 7151

Email: jan-michael.perez@audit.vic.gov.au

Ivy Ly CA

Acting Audit Manager – LG

Phone: 8601 7038

Email: ivy.ly@audit.vic.gov.au

Questions