E. Status of recommendations from prior reports

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

Figure E1
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.	This recommendation was made in June 2023, and councils have not yet had time to implement it. We will assess whether councils have actioned this recommendation as part of our 2023–24 audits and will report on the outcome in next year's local government report.

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

Source: Queensland Audit Office.

Figure E2
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.	Only 46 councils (63 per cent of those who responded to our survey) have reassessed the maturity level of their financial statement preparation processes since we made this recommendation. This year, we assessed councils' financial statement maturity based on our experience of their actual practices. We found some councils, and particularly those in the Indigenous, Resources and Rural/Remote segments, had overstated the level of their financial reporting maturity when they performed their own assessment in 2020–21. We encourage councils to revisit their assessments and consider the areas they should improve their practices.
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 *Effectiveness of audit committees in state government entities* (Report 2: 2020–21). This would improve the effectiveness of their audit committees, with flow-on benefits to council governance and performance.	Of the 64 councils with an audit committee who responded to our survey, only 30 have fully implemented our recommendations, and 4 councils have not implemented our recommendations at all. Further action needs to be taken by councils to implement all our recommendations from this report to strengthen the effectiveness of local government audit committees. We have commenced a performance audit that will provide insights into how councils can improve the effectiveness of their audit committees.
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.	Only 13 councils have assessed their control environment using our internal control assessment tool. Of these 13 councils, only 7 have developed and implemented plans to improve their internal controls. Those councils that have not had an opportunity to assess the maturity of their internal controls using our assessment tool should do so in the 2023–24 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.	49 councils have incorporated their planned spending on capital projects into their asset management plans. We recommend that those councils who have not yet had an opportunity to review their asset management plan, do so in the 2023–24 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	**Further action needs to be taken***
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.	29 councils have either not yet reviewed their asset consumption ratio, or where it is under 60 per cent, have not yet taken actions to improve it. Based on 30 June 2023 results, 6 would not meet the benchmark of 60 per cent for the future ratio that applies from 1 July 2023. A further 12 are close to not meeting the benchmark in the next few years if they do not maintain their assets appropriately. We continue to recommend that councils monitor their asset consumption ratio and take steps to improve it. This will assist councils in maintaining their assets at an appropriate level to meet the future needs of their communities. With the new sustainability framework coming into effect from 2023–24 financial year, this will be monitored by the department. As such, we will not be tracking the status of this recommendation from the 2023–24 financial year.
Enhance their liquidity management by reporting their unrestricted cash expense ratio and their unrestricted cash balance in monthly financial reports	**Further action needs to be taken***
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.	Only 33 councils (less than half of the sector) are reporting their unrestricted cash expense ratio and their unrestricted cash balance in the monthly financial reports they table in council meetings. Those councils that do not report these metrics in their monthly financial reports tabled in council meetings should start to do so.

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

Source: Queensland Audit Office.

Figure E3
Status of recommendations for councils from *Local government 2020* (Report 17: 2020–21)

Improve financial reporting by strengthening month-end and year-end financial reporting processes	No longer applicable*
REC 1 Councils should strengthen their month-end and year-end processes to assist with timely and accurate monthly internal financial reporting and their annual financial statements. We recommend all councils use their recent financial statement preparation experiences to perform an initial self-assessment against the maturity model available on our website.	We continue to find that month-end processes at councils are ineffective. This year, we identified 70 new deficiencies where improvements were required to ensure timely and reliable month-end and year-end reporting. In addition, 49 councils had at least one deficiency in their month-end and year-end reporting processes. However, this recommendation has been replaced by REC 1 from *Local government 2021* (Report 15: 2021–22) which was made to better help councils identify and implement improvements to their financial reporting processes. This recommendation is no longer applicable.
Improve valuation and asset management practices	**Further action needs to be taken***
REC 2 • 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.	We continue to identify issues with the asset management policies and practices at two-thirds of councils. 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 line with these findings, we continue to recommend that councils strengthen their asset management policies and practices.

Strengthen security of information systems	Further action needs to be taken*
REC 3 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. Councils' workplace culture, through their people and processes, must emphasise strong security practices to provide a foundation for the security of information systems. All entities across the local government sector should: • 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. Councils should also self-assess against all of the recommendations in our report – *Managing cyber security risks* (Report 3: 2019–20) – to ensure their systems are appropriately secured.	We continue to identify weaknesses in information systems controls, particularly regarding user access permissions. This year, we identified 66 new internal control issues in information systems. There are 45 councils who still have at least one unresolved deficiency in their information systems. The recommendation to strengthen the security of information systems needs further action by councils.

Improve risk management processes		Further action needs to be taken*
REC 4	Councils should have a complete and up-to-date risk management framework including: • 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.	This year, 16 councils did not have adequate risk management processes in place. This is down from 25 councils in 2021–22 but is still roughly a quarter of the sector. This recommendation continues to need further action by councils.
Enhance procurement and contract management practices		**Further action needs to be taken***
REC 5	• 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.	We have identified issues relating to procurement and contract management practices at 26 councils this year (2021–22: 34 councils). Although this is an improvement on last year, councils still have not taken enough action for this recommendation. To help councils improve their procurement and contract management practices, in our 2021–22 report, 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 councils in identifying opportunities to strengthen their procurement and contract management practices.

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

Source: Queensland Audit Office.

Figure E4
Status of recommendations for councils from
Local government entities: 2018–19 results of financial audits (Report 13: 2019–20)

Audit committees	Further action needs to be taken*
• 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.	As at 30 June 2023, there were still 13 councils (30 June 2022: 15 councils) that did not have an audit committee. A further 3 councils (30 June 2022: one council) had an audit committee that did not meet during the year. These councils combined had 46 unresolved significant deficiencies (38 per cent of all unresolved significant deficiencies). We continue to recommend these councils establish an independent audit committee with appropriately qualified committee members.
Internal audit	**Further action needs to be taken***
• All councils must establish and maintain an effective and efficient internal audit function, as required by the *Local Government Act 2009*.	As at 30 June 2023, 5 councils (30 June 2022: 7 councils) still did not have an internal audit function. In addition, 4 councils (30 June 2022: 7 councils) that had an internal audit function established at 30 June 2023 did not have any audit activity during the 2022–23 financial year. In *Local government 2022*, we also recommended the Department of Housing, Local Government, Planning and Public Works (the department), as regulator of the sector, make sure all councils establish an effective internal audit function, as required under the legislation.
Secure employee and supplier information	**Further action needs to be taken***
• 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.	We continue to find deficiencies at councils – at roughly 20 per cent of the sector – with securing employee and supplier information. Similarly, we continue to find weaknesses with information systems security. In line with these findings, we continue to recommend councils secure their employee and supplier information.

Conduct mandatory cyber security awareness training	Further action needs to be taken*
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: • 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.	As at 30 June 2023, 17 councils still had not provided cyber security awareness training to their employees. We continue to recommend that all councils provide cyber security awareness training to their new and current employees.

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

Source: Queensland Audit Office.

Figure E5
Status of recommendations for the Department of Housing, Local Government, Planning and Public Works from
***Local government 2022* (Report 15: 2022–23)**

Our recommendations from *Local government 2022* were made in June 2023, and although the department indicated it supports our recommendations, it has not yet had time to implement them.

Provide necessary guidance and tools to councils to help improve their month-end financial reports		Not implemented – recommendation accepted*
REC 2	The department should provide guidance and tools such as monthly management reporting pack templates and checklists for the completion of month-end financial reports. 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.	This recommendation was made in June 2023 and at the time of writing this report, the department has not yet had time to implement our recommendation.

Provide a clear definition of 'extraordinary circumstances' for councils seeking ministerial extensions to their legislative time frame for financial reporting		Not implemented – recommendation accepted*
REC 3	The department should clearly define what 'extraordinary circumstances' are in the context of extensions to councils' legislated deadlines for certifying financial statements. This will provide consistent criteria for assessing council applications for extensions.	This recommendation was made in June 2023 and at the time of writing this report, the department has not yet had time to implement our recommendation.
Measure the effectiveness of training programs provided to councils		**Not implemented – recommendation accepted***
REC 4	The department should measure the effectiveness of the training programs it provides to councils. This would help the department identify remedial actions when desired outcomes are not achieved.	This recommendation was made in June 2023 and at the time of writing this report, the department has not yet had time to implement our recommendation.
Provide training on financial reporting processes and support councils to meet their reporting deadlines in times of need		**Not implemented – recommendation accepted***

REC 5	The department should, for councils that do not consistently achieve early financial reporting:
	
	• provide training to finance staff that covers matters such as
	   – 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.
	   This should be in addition to the Tropical financial reporting workshop provided by the department each year
	• 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.
		This recommendation was made in June 2023 and at the time of writing this report, the department has not yet had time to implement our recommendation.

Make sure all councils have an effective internal audit function	**Partially implemented***
REC 6 — The department should monitor whether all councils have an internal audit function and whether appropriate internal audit activities are undertaken each year. To help councils meet their legislative requirements, the department should: • 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.	This recommendation was made in June 2023 and at the time of writing this report, the department has not yet had time to fully implement our recommendation. However, in July 2023, the department wrote to councils without an effective internal audit function to remind them of their legislative requirements. It has published guidance about these legislative requirements on its online portal of council resources.
Develop a strategy to uplift capability of the sector on cyber-related matters	**Partially implemented***
REC 7 — 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. This will help councils strengthen their information security controls.	This recommendation was made in June 2023 and at the time of writing this report, the department has not yet had time to fully implement our recommendation. However, since we made our recommendation, the department has worked with both the Queensland Government's Customer and Chief Digital Officer and the Australian Security Intelligence Organisation to provide greater awareness of cyber-related matters across the sector.
Publish a framework to assess the sustainability risk of councils by 1 July 2023	**Fully implemented***
REC 8 — The department should publish a framework to assess the financial sustainability risk of councils. This framework should be made available to the sector from 1 July 2023 to align with the effective date of the department's new financial sustainability guideline.	The department published *Risk Framework – Financial Sustainability* on its website on 30 June 2023 as a framework to assess the financial sustainability of councils. This recommendation is now fully implemented. However, this year, we made a new recommendation to the department (refer recommendation 7) to refine the risk framework to measure the overall risk of a council not being financially sustainable.

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

Source: Queensland Audit Office.

Figure E6
Status of recommendations for the Department of Housing, Local Government, Planning and Public Works from
***Local government 2020* (Report 17: 2020–21)**

Require all councils to establish audit committees	Not implemented – Recommendation accepted*
REC 6 — 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.	The proposal continues to be considered by the department but has not yet been progressed.
Provide greater certainty over long-term funding	**Partially implemented***
REC 8 — We recommend the department reviews its current funding model to identify opportunities to provide funding certainty to councils beyond one financial year. 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.	The department has been providing multi-year grant programs since 2020–21. The $200 million Works for Queensland Program (2021–24) and the $100 million South East Queensland Community Stimulus Program (2024–27) are both 3-year rounds which will provide funding certainty for councils in the medium term.
Provide training to councillors and senior leadership teams around financial governance	**Partially implemented***
REC 9 — 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: • establish strong leadership and governance • enhance internal controls and oversight • improve financial sustainability in the long term.	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 388 councillors and council staff participated in these workshops and training sessions. The department also holds Finance Officers' Network sessions. The department plans to support the running of these workshops and training sessions over the 2024–2028 council term. Providing this training to new councillors will be critical following the March 2024 council elections.

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, if *further action needs to be taken* to address the risk identified, or if the recommendation is *no longer applicable*.

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.
No longer applicable	Circumstances have fundamentally changed or the recommendation has been replaced by another recommendation – making it no longer applicable.