

Report on a page

This report summarises the audit results of Queensland’s 77 local government entities (councils) and the entities they control.

Financial statements are reliable, but less timely

Communities need timely financial information to evaluate their council’s performance – especially when local government elections occur. The next election is on 16 March 2024. Despite this, 14 councils did not complete their 2023 financial statements by their 31 October statutory reporting deadline, and 7 of these councils have still not completed them as at the date of this report.

Of the 14 councils that did not complete their financial statements by 31 October 2023, 10 of these have also missed the deadline in at least 2 of the last 3 years.

Poor accounting practices are the primary driver for councils not being able to complete their financial statements in a timely manner. Being able to attract and retain skilled staff also contributes. Having the right skills and capability in key positions and a strong framework for financial controls would help councils mitigate financial and operational risks.

More action is needed on outstanding high-risk issues

There are still 121 unresolved significant (high-risk) issues (2022: 114) at councils. This will increase as we finalise the audits of the 14 councils who failed to meet the statutory deadline. We continue to see a greater proportion of long-outstanding issues in councils that do not have an audit committee or internal audit function.

Councils face many external threats in their day-to-day operations, including cyber security. Yet two-thirds of the sector still has weaknesses in the security of its information systems, and 24 per cent of councils have not provided cyber security training to their staff.

Having good policies and procedures would help councils mitigate some of these external threats. However, 34 councils (2022: 25 councils) either do not have some of their policies and procedures in place, or they are outdated and not relevant to their operations anymore. As a result, some councils may have difficulties transitioning any newly elected members or staff into their organisation.

Having extra advance funding continues to affect results

For the second year, councils have received more of their (federal) financial assistance grants for the next year in advance, and reported this as revenue (as required under accounting principles). Despite this, 24 per cent of the 63 councils that had completed their financial statements by 31 October generated operating losses, and over half would have made losses without the extra funding they received.

Councils need good budget and cash management processes to handle their increasing costs and cope with changes to the timing of grant funding, which is outside of their control.

New sustainability measures are in effect, but the risk framework needs improvement

At 30 June 2023, 48 councils (2021–22: 46 councils) are still at either a moderate or a high risk of not being financially sustainable. The department’s new financial sustainability framework is in place for the 2024 financial year. However, the associated risk framework can be refined to more clearly define how it will help the department, communities, and councils, evaluate a council’s overall financial sustainability risk.

