

A. Full responses from entities

As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to the Director-General, Department of Housing, Local Government, Planning and Public Works. We also provided a copy to all 77 councils and gave them the option of providing a response.

This appendix contains the detailed responses we received.

The heads of these entities are responsible for the accuracy, fairness, and balance of their comments.



Comments received from Director-General, Department of Housing, Local Government, Planning and Public Works



Minister for Housing, Local Government and Planning
Minister for Public Works

Our Ref: MC23/7675

23 January 2024

Mr Brendan Worrall
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Dear Mr Worrall

Thank you for your email on 13 December 2023 regarding the draft report to Parliament titled *Local Government 2023* (the draft report), and for providing the Department of Housing, Local Government, Planning and Public Works (the department) with an opportunity to review the report.

I was pleased to note your comments that the financial statement of councils and council-related entities for the 2022-23 financial year are reliable and complied with relevant laws and standards. It is, however, disappointing that the number of councils which had their financials signed by the legislative deadline has decreased from the previous financial year.

Many councils face challenging conditions with skilled staff recruitment and retention, as well as natural disasters, which contribute to the efficient running of council operations and the timeliness of producing financial statements remains a challenge for the sector. I note that there has also been an increase in the number of new audit deficiencies resulting from these audits which councils need to continue to work with the Queensland Audit Office (QAO) to resolve these issues.

I note that you made three recommendations for councils this year:

Recommendation 1: Implementing processes to ensure policies and procedures are regularly reviewed and kept up to date.

Recommendation 2: Providing an onboarding program for all elected councillors and mayors following the March 2024 elections.

Recommendation 3: Annually reviewing the registration status of employees undertaking engineering services.

The department supports all three recommendations for councils, and I intend to write to each council to emphasise the importance of implementing these recommendations. I will also remind councils of the importance of taking action to address outstanding deficiencies, as identified by the QAO.

Regarding the four recommendations for the department, I provide the following comments:

Recommendation 4: Amend the Local Government Regulation 2012 (the Regulation) to require confirmation of effective internal controls from councils' head of finance.

The department supports this recommendation and will commence work on the amendment to the Regulation, in consultation with local government sector stakeholders.

Recommendation 5: Develop a template that councils can use to annually to validate effectiveness of internal controls.

The department supports this recommendation and will proceed with developing a template for councils.

Recommendation 6: Determine the minimum expected requirements for all qualitative measures of council sustainability and include this in the sustainability framework.

The department supports this recommendation in principle and can further outline the qualitative elements the department will use to monitor and assess councils in the non-statutory Local Government Sustainability Framework document. This information has been provided to councils and is available on the department's website.

Recommendation 7: Develop a way to measure the overall sustainability risk of individual councils.

The department supports this recommendation in principle. The department, in collaboration with the QAO, councils and other stakeholders has developed a risk framework to assess the financial sustainability of councils as part of the Sustainability Framework.

The department supports making information about the financial sustainability risk framework assessable and meaningful for councils' having regard for the differing operational circumstances and the sustainability drivers that impact councils' financial performance.

The department will monitor, adjust, and enhance the financial sustainability risk framework over time, having regard to feedback from councils and other stakeholders, to ensure that it remains suitable for the local government sector. This will include opportunities to consider how the overall financial sustainability risk for councils is viewed and presented.

I also note the five department recommendations from previous reports identified as not implemented. The department is working towards progressing these outstanding actions and will continue to engage with the QAO through regular updates.

If you require any further information, please contact me or [redacted]
[redacted] who will be pleased to assist.

Yours sincerely



Mark Cridland
Director-General



Comments received from Chief Executive Officer, Bundaberg Regional Council



22 December 2023

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Thank you for providing the draft report and the opportunity to respond to it.

I commend the QAO in providing stakeholders with additional information on Queensland Local Governments financial governance, including benchmarking, however I do have a concern with the proposed reporting of the number of significant deficiencies in figure J1.

In the case of Bundaberg Regional Council, the significant deficiency listed was raised in the Interim Management Letter in May 2023. This was classified as a deficiency, but later reclassified due to the perceived reputational risk as a significant deficiency in October 2023 by the QAO in the finalisation of the Final Management Letter. Council had already addressed the deficiency before the issuing of the Final Management Letter and subsequent reclassification, with Council's internal auditors determining that the risks were low, and those risks had subsequently been actioned by Management.

It's unclear whether in Bundaberg's case the deficiency identified has been resolved or not. It may be beneficial to add additional information to the report to record deficiencies that have been closed out in the Final Management Letter, as well as recording those outstanding from the prior year. Further it may be prudent to direct readers to the Council's meeting agendas where the Council will have tabled the Management Letters to provide context and understanding around these issues.

I also appreciate the timeliness of this year's report and look forward to future reports being presented in a similar expeditious timeframe.

Yours sincerely

A handwritten signature in black ink, appearing to be "Steve Johnston", written over a light blue horizontal line.

Steve Johnston
Chief Executive Officer

1300 883 699

bundaberg.qld.gov.au

QAO response: The issue was resolved by council by the time the financial statements were finalised in October 2023. However, this issue was identified and reported in our interim letter issued on 10 May 2023 – meaning the issue had existed for almost 11 months of the financial year 2023. As such, we have reported this in our report to parliament.

Comments received from Chief Executive Officer, North Burnett Regional Council



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17 January 2024

Our reference: [REDACTED]

Mr Brendan Worrall
Auditor-General
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via email: gao@qao.qld.gov.au

Dear Brendan,

RE: DRAFT LOCAL GOVERNMENT REPORT 2023

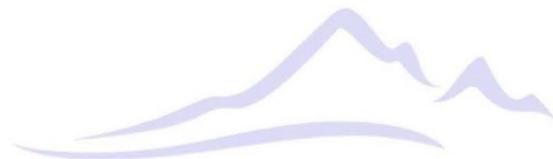
North Burnett Regional Council (NBRC) would like to thank the Queensland Audit Office (QAO) for the draft Local Government 2023 report which was received on 21 December 2023.

Council has no comments, however, notes the matters raised for local governments and the support that will be provided by the Department Housing, Local Government, Planning and Public Works as a result of the recommendations identified by the QAO in the report.

If you have any further enquiries regarding this matter, please contact me directly on [REDACTED] or via email [REDACTED]

Yours faithfully

Margot Stork
Chief Executive Officer



Address all correspondence to the Chief Executive Officer

