







Appendix three – Status of 2017 recommendations

Recommendation	Current status	
Financial reporting		
Councils can improve the quality of financial reporting by reviewing their financial statements close processes to identify areas for improvements.	While the number of qualified opinions decreased, the number of high and moderate-risk findings on financial reporting increased compared with the prior year. Refer to Section 2.1 for further details.	—
Councils can improve the quality of financial reporting by involving an audit, risk and improvement committee in the review of financial statements.	Audit, risk and improvement committees were more involved in the review of financial statements, but more can be done to improve the quality of financial statements.	—
The Office of Local Government should release the Local Government Code of Accounting Practice and Financial Reporting and the End of Year Financial Reporting Circular earlier in the audit cycle, ideally by 30 April each year.	The Office of Local Government released the Local Government Code of Accounting Practice and Financial Reporting on 18 April 2018. This improved compared with the prior year when it was released on 7 June 2017. The 2017–18 End of Year Financial Reporting circular was released earlier on 7 June 2018. This improved compared with the prior year when it was released on 25 September 2017.	—
The Local Government Code of Accounting Practice and Financial Reporting should align with Australian Accounting Standards.	We did not identify further instances where the Code did not align with Australian Accounting standards.	✓
The Office of Local Government should introduce early close procedures with an emphasis on asset valuations.	The Office of Local Government encouraged councils to engage with their auditors early and ensure early commencement and completion of asset revaluations. There is still opportunity for councils to improve the timeliness of financial reporting. Refer to Section 2.2 for further details.	—
Governance and internal controls		
Councils should early adopt the proposed requirement to establish an audit, risk and improvement committee.	Twelve more councils established audit, risk and improvement committees during 2017–18 resulting in 97 councils having committees. Please refer to Section 3.2 for more details.	—
The Office of Local Government should introduce the requirement for councils to establish internal audit functions and update its 2010 Internal Audit Guidelines.	Six more councils established an internal audit function during 2017–18 resulting in 92 councils having an internal audit function. OLG are currently in the process of updating the 2010 Internal Audit Guidelines. Refer to Section 3.2 for further details.	—
The Office of Local Government should maintain an accurate register of entities approved under Section 358 of the <i>Local Government Act 1993</i> .	The Office of Local Government is in the process of updating the register of entities.	—
The Office of Local Government should consider establishing a financial reporting framework for council entities.	The Office of Local Government has prepared draft financial reporting templates for the newly formed Joint Organisations	—

Recommendation	Current status
Asset management	
<p>The Office of Local Government should address the different practices across the Local Government sector in accounting for rural fire-fighting equipment before 30 June 2018. In doing so, the Office of Local Government should work with NSW Treasury to ensure there is a whole-of-government approach.</p>	<p>Inconsistent practices remain across the Local Government sector in accounting for rural fire-fighting equipment. </p> <p>A number of councils do not record rural fire-fighting equipment, meaning that a significant portion of rural fire-fighting equipment continues to not be recorded in either State or council financial records.</p>
<p>Key</p>	<p> Fully addressed  Partially addressed  Not addressed</p>