




# Appendix 4 – Status of previous recommendations

The Audit Office's previous reports to Parliament focusing on local government made recommendations to the councils and the Department of Planning, Housing and Infrastructure (the Department). The implementation status of the Audit Office's recommendations is summarised below with the relevant findings for 2024–25.

Recommendations to the Department	Comment	Current status
<b>Financial reporting</b>		
The Department should reduce councils' financial reporting burden, and remove non-value-adding disclosures from financial statements.	<p>The OLG, within the Department, removed the performance ratios from the 'Local Government Code of Accounting Practice and Financial Reporting'.</p> <p>The NSW Government's response to the State Development Committee's Inquiry into the 'Ability of local governments to fund infrastructure and services' committed to establish an Expert Advisory Panel to streamline local government financial statements.</p>	
<b>Developer contributions</b>		
The Department, as the principal department responsible for administration of the <i>Environmental Planning and Assessment Act 1979</i> , addresses how funds collected under one plan are treated if a contribution plan is repealed, or repealed and replaced with a new contributions plan.	The Department advised that it has developed material to be included in the new local infrastructure contributions practice notes.	
<b>Rural firefighting equipment</b>		
The Department assess council's compliance with legislative responsibilities and standards or guidelines regarding the rural firefighting equipment vested to councils under section 119(2) of the <i>Rural Fires Act 1997</i> .	<p>The Standing Committee on State Development report on 'Ability of local governments to fund infrastructure and services' recommended the legislation be amended so these assets are vested to the Rural Fire Service. On the 30 January 2024, this recommendation was referred to the Public Accounts Committee.</p> <p>On 27 May 2025, the Public Accounts Committee tabled its report, findings and recommendations on the Inquiry: 'Assets, premises and funding of the NSW Rural Fire Services'.</p> <p>The NSW Government responded to the recommendations of the Inquiry on 28 November 2025. It is initiating an audit of red fleet assets with the outcome to be used to develop a business case for considering whether to transfer the red fleet assets to the NSW Government and consider any necessary changes to legislation.</p>	

Recommendations to the Department	Comment	Current status
<b>Early financial reporting procedures</b>		
The Department should consider requiring early financial reporting procedures across the local government sector.	<p>The Department is not implementing mandatory early financial procedures.</p> <p>The Department will continue to remind councils to engage early with values and ensure asset valuations are completed before 30 June.</p>	
<b>Quality of financial reporting</b>		
Councils should perform more robust month-end processes and quality reviews of financial statements and supporting working papers before they are submitted for audit.	Most councils have improved the quality of their financial reporting as indicated by fewer errors and fewer versions of financial statements being submitted for audit.	
<b>Asset valuations</b>		
Councils should complete asset revaluations before financial year-end.	Councils should complete asset valuations before financial year-end to help improve the quality and timeliness of financial reporting.	
<b>Asset source records</b>		
Councils should improve controls and processes to ensure the integrity and completeness of asset source records.	<p>Councils should continue to improve controls and processes to ensure the integrity and completeness of asset source records.</p> <p>Many councils have opportunities to improve the completeness, accuracy and security of fixed asset registers. All significant prior-period errors were caused by incomplete and inaccurate asset records.</p>	
<b>Cyber security</b>		
<p>Councils should prioritise planning and governance of cyber security to ensure cyber security risks over key data and IT assets are appropriately managed and key data are safeguarded.</p> <p>Councils should refer to the 'Cyber Security Guidelines – Local Government' released by the OLG.</p>	<p>Councils should continue to focus on improving cyber security governance and controls.</p> <p>Cyber security findings were reported to 24% of councils for absence of at least one of the following governance and internal controls to manage cyber security:</p> <ul style="list-style-type: none"> <li>• cyber security framework, policy and procedures</li> <li>• register of cyber incidents</li> <li>• cyber security training and awareness program.</li> </ul>	

Key Fully addressed Partially addressed Not addressed Closed