
Report highlights

Introduction

The Auditor-General's financial and performance audits of local councils aim to improve financial management, governance and public accountability across the local government sector.

Annual Local Government reports to Parliament have consistently highlighted risks and weaknesses across the sector in relation to financial management and governance. We will continue to focus on these matters as a priority area in our forward work program.

While this report focuses on MidCoast Council, the findings should be considered by all councils to better understand the challenges and opportunities when addressing financial sustainability and financial management needs.

Findings and recommendations around the effectiveness of long-term financial planning, comprehensive and timely financial reporting and financial management governance arrangements are relevant for all councils.

What this report is about

The Local Government Act 1993 requires councils to apply sound financial management principles, including sustainable expenditure, effective financial management and regard to intergenerational equity.

This audit assessed whether MidCoast Council has effective financial management arrangements that support councillors and management to fulfill their responsibilities as financial stewards.

What we found

MidCoast Council has not met all legislative and policy requirements for long-term financial planning.

From FY2019–20 to FY2020–21, the Council had financial management and governance gaps. Some gaps were addressed throughout FY2021–22.

MidCoast Council experienced significant challenges in its implementation of a consolidated financial management system following amalgamation in 2016 and the merging of MidCoast Water in 2017. This led to gaps in finance processes and data quality.

What we recommended

The report recommends that MidCoast Council should:

- ensure its long-term financial plan meets legislative and policy requirements
- undertake service reviews to better understand net costs to inform budget and financial planning decisions
- improve the quality of asset management information to inform budget and financial planning decisions
- use the financial management components of the MC1 system to full potential
- address control and process gaps identified in audits and reviews
- ensure competency of those responsible for finance and budget
- ensure financial sustainability initiatives account for the cost of services and asset management information.

Fast facts

2016

the year that Gloucester Shire, Greater Taree City and Great Lakes Council amalgamated as MidCoast Council

\$266m

Council total expenditure in 2021-22

10

the minimum years that MidCoast reports that the general fund will continue to operate in deficit