

E. Status of recommendations made in prior reports

The following tables provide the current status of the recommendations raised in our prior reports.

Figure E1
Status of recommendations for councils from *Local government 2024* (Report 13: 2024–25)

Implement policies and procedures to ensure ex-gratia payments are appropriate and defensible, and the decisions made to make such payments are transparent. Consider the appropriateness of using non-disclosure agreements when making such payments		Further action needs to be taken
REC 1	<p>Councils should implement policies and procedures that specify when ex-gratia payments (which an entity is not legally required to make under a contract or otherwise) are appropriate. The policies and procedures should outline:</p> <ul style="list-style-type: none"> • who is authorised to approve ex-gratia payments • under what circumstances is it appropriate for such payments to be made • documentation to support – the reason and nature of the payment – the amount, including supporting calculations • when it is appropriate to enter into non-disclosure agreements in making such payments. 	<p>As of 30 June 2025, only 22 councils had implemented policies and procedures for ex-gratia payments.</p> <p>Further action needs to be taken on this recommendation</p>
Assess climate risks and add them to their risk registers		Further action needs to be taken
REC 2	<p>Councils should assess climate risks and develop strategies to address them. They should consider updating their strategic plans, risk registers, and long-term budgets to reflect the financial and operating impacts of these risks.</p>	<p>As of 30 June 2025, only 38 councils have informed us that they have assessed climate risks and their impact on their operations.</p> <p>Of these, only 26 councils have recognised climate risks in their risk register or in a specific document for climate risk.</p> <p>Further action needs to be taken on this recommendation</p>
Review the asset consumption ratio for water infrastructure assets and determine what action is required		Further action needs to be taken
REC 3	<p>Councils should review the asset consumption ratio for their water infrastructure assets. Where the ratio is below 60 per cent, councils should assess the need for repairs/renewals to their water infrastructure assets that will reinstate these assets to a level that provides the appropriate level of service to their community.</p>	<p>As of 30 June 2025, 39 councils had reviewed the asset consumption ratio to assess the need for repairs/renewals to their water infrastructure.</p> <p>Further action needs to be taken on this recommendation</p>

Note: We define the terms we use to categorise the status of the recommendations at the end of this appendix.

Source: Queensland Audit Office.

Figure E2
Status of recommendations for councils from *Local government 2023* (Report 8: 2023–24)

Implement processes to ensure policies and procedures are regularly reviewed and kept up to date		Appropriate action has been taken
REC 1	Councils should regularly review and update their policies and procedures to ensure they are up to date and meet the needs of their operations. Each council should develop a work plan to ensure all policies are reviewed at least every 3 years or when there are significant changes to the council’s structure.	Councils have self-assessed their progress in implementing our recommendation as of 30 June 2025. 93 per cent of councils have fully implemented processes to ensure they regularly review their policies and procedures. As a large part of the sector has implemented this recommendation, we are satisfied that appropriate action has been taken.
Annually review the registration status of employees undertaking engineering services		Further action needs to be taken
REC 3	Review the registration status of employees undertaking engineering services to make sure they are complying with the <i>Professional Engineers Act 2002</i> . Councils should do this on an annual basis.	49 out of 73 councils (67 per cent) have reviewed the registration status of employees undertaking engineering services on an annual basis to make sure they are complying with the <i>Professional Engineers Act 2002</i> . Further action needs to be taken on this recommendation.

Note: We define the terms we use to categorise the status of the recommendations at the end of this appendix.

Source: Queensland Audit Office.

Figure E3
Status of recommendations for councils from *Local government 2022* (Report 15: 2022–23)

Assess the maturity of their procurement and contract management processes using our procure-to-pay maturity model, and implement identified opportunities to strengthen their practices		Further action needs to be taken
REC 1	We recommend all councils assess the maturity of their procurement and contract management processes using our procure-to-pay maturity model. Councils should identify their desired level of maturity and compare this to the maturity level that best represents their current practices. This assessment will help them identify and implement practical improvement opportunities for their procurement and contract management processes.	As of 30 June 2025, only 30 councils had assessed the maturity of their procurement and contract management processes using our procure-to-pay maturity model. Further action needs to be taken on this recommendation

Note: We define the terms we use to categorise the status of the recommendations at the end of this appendix.

Source: Queensland Audit Office.



Figure E4
Status of recommendations for councils from *Local government 2021* (Report 15: 2021–22)

Reassess the maturity levels of their financial statement preparation processes in line with recent experience to identify improvement opportunities that will help facilitate early certification of financial statements		Recommendations have been superseded
REC 1	<p>All councils should reassess their initial self-assessment against the financial statement maturity model and compare this to their recent financial statement preparation experiences.</p> <p>Councils should also reflect on their processes from the 2018–19 financial year that enabled them to have their financial statements certified earlier. Together, these reflections will identify improvement opportunities to assist elected members and their executives to improve the timeliness of certification of financial statements.</p>	<p>As of 30 June 2025, 51 councils had reassessed the maturity level of their financial statement preparation processes. This means approximately 28 per cent of the sector has not undertaken a self-assessment.</p> <p>This year, we assessed councils' maturity using our updated model. The results of our assessment are discussed in Chapter 4 and shown – for each council – in Appendix J.</p> <p>In 2026, we suggest councils perform their self-assessment using our updated model and implement corrective actions to increase their financial statement maturity level.</p> <p>Given the maturity model is now developed and available to councils, the sector will need to take ownership to improve their financial processes. We have closed this recommendation.</p>
Assess their audit committees against the actions in our 2020–21 audit committee report		Recommendations have been superseded
REC 2	<p>Those councils who have an audit committee function, and those that are looking to establish one, should consider implementing the actions we have identified in our report <i>Effectiveness of audit committees in state government entities</i> (Report 2: 2020–21). This would improve the effectiveness of their audit committees, with flow-on benefits to council governance and performance.</p>	<p>Of the 63 councils with an audit committee, 39 have fully implemented our recommendations, 18 councils have partially implemented them, 5 councils have not implemented our recommendations at all, and one council did not provide a response.</p> <p>In the 2024–25 financial year, we issued our report <i>Insights on audit committees in local government</i> (Report 10: 2024–25) where we provided guidance on the role of audit committees and the benefits. It includes specific matters that local governments should consider implementing if they have an audit committee in place.</p> <p>Given the specific matters have been identified for the local government sector in the above report, we expect the sector to implement the guidance in this report to improve their audit committee operations and performance. As such, we consider that appropriate action has been taken to close this recommendation.</p>



Improve their overall control environment		Further action needs to be taken
REC 3	All councils should use the annual internal control assessment tool available on our website to perform an initial self-assessment of the strengths and improvement opportunities of their internal controls. Where their results do not meet their performance expectations, they should develop and implement a plan to strengthen their internal controls over a specific period.	19 councils have assessed their control environment against our internal control assessment tool, and 52 councils have not. Those councils that have not done so should consider doing this in the 2025–26 financial year. Further action needs to be taken on this recommendation.
Asset management plans to include councils' planned spending on capital projects		Further action needs to be taken
REC 4	All councils should review their asset management plans to confirm that these plans include the proposed timing and cost of their capital projects, including the cost of maintaining these assets over their whole lives. This would help councils identify their future funding needs and provide better information to the department on the timing of capital funding sought by councils.	45 councils have incorporated their planned spending on capital projects into their asset management plans, and 26 councils have not. We recommend that those councils who have not yet had an opportunity to review their asset management plan to ensure they include the proposed timing and cost of their capital projects do so in the 2024–25 financial year. Further action needs to be taken on this recommendation.

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Source: Queensland Audit Office.



Figure E5
Status of recommendations for councils from *Local government 2020* (Report 17: 2020–21)

Improve valuation and asset management practices		Further action needs to be taken
REC 2	<ul style="list-style-type: none"> • Councils need to engage with asset valuers early to complete the valuation of assets well before year end. • Councils need to use accurate information in their long-term asset management strategies and budget decisions. • Councils need to regularly match the asset data in their financial records to the asset data in their engineering/geographic information systems to ensure it is complete and reliable. 	<p>We continue to identify issues with the asset management policies and practices at councils. We found 55 councils had at least one outstanding significant deficiency or deficiency related to asset management as of 30 June 2025.</p> <p>Councils also still need to improve their processes for asset valuations. Several councils did not meet their legislative deadlines because of errors and delays in asset valuations. In addition, 5 councils reported prior period errors in their financial statements that related to assets.</p> <p>Further action needs to be taken on this recommendation.</p>
Strengthen security of information systems		Further action needs to be taken
REC 3	<p>We recommend all councils strengthen the security of their information systems. Councils rely heavily on technology, and increasingly, they need to be prepared for cyber attacks. Any unauthorised access could result in fraud or error, and significant reputational damage.</p> <p>Councils' workplace culture, through their people and processes, must emphasise strong security practices to provide a foundation for the security of information systems.</p> <p>All entities across the local government sector should:</p> <ul style="list-style-type: none"> • provide security training for employees so they understand the importance of maintaining strong information systems, and their roles in keeping them secure • assign employees only the minimum access required to perform their job, and ensure important stages of each process are not performed by the same person • regularly review user access to ensure it remains appropriate • monitor activities performed by employees with privileged access (allowing them to access sensitive data and create and configure within the system) to ensure they are appropriately approved • implement strong password practices and multifactor authentication (for example, a username and password, plus a code sent to a mobile), particularly for systems that record sensitive information • encrypt sensitive information to protect it • patch vulnerabilities in systems in a timely manner, as upgrades and solutions are made available by software providers to address known security weaknesses that could be exploited by external parties. <p>Councils should also self-assess against all of the recommendations in our report – <i>Managing cyber security risks</i> (Report 3: 2019–20) – to ensure their systems are appropriately secured.</p>	<p>While entities are implementing our recommendations to resolve the issues we reported to them last year, we identified similar internal control deficiencies this year.</p> <p>We identified 98 new internal control issues in information systems, and 49 councils had at least one unresolved deficiency or deficiency in their information systems as of 30 June 2025.</p> <p>Further action needs to be taken on this recommendation.</p>

Improve risk management processes		Further action needs to be taken
REC 4	<p>Councils should have a complete and up-to-date risk management framework including:</p> <ul style="list-style-type: none"> comprehensive risk registers that identify risks (including the risk of fraud) and appropriate risk mitigation strategies current and relevant business continuity and disaster recovery plans. These plans should be tested periodically. 	<p>This year, 13 councils (2023–24: 17 councils) did not have adequate risk management processes in place.</p> <p>Further action needs to be taken on this recommendation.</p>
Enhance procurement and contract management practices		Further action needs to be taken
REC 5	<ul style="list-style-type: none"> Councils need to ensure they obtain value for money for the goods and services they procure, and that they have the appropriate approvals to procure the goods and services. To effectively manage their contractual obligations, councils should ensure their contract registers are complete and contain up-to-date information. 	<p>We have identified issues relating to procurement and contract management practices at 50 councils this year (2023–24: 38 councils).</p> <p>In our 2021–22 report, to help councils improve their procurement and contract management practices, we made a further recommendation for councils to assess the maturity of their procurement and contract management processes using our procure-to-pay maturity model. This would assist them in identifying opportunities to strengthen their procurement and contract management practices.</p> <p>Further action needs to be taken on this recommendation.</p>

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Source: Queensland Audit Office.

Figure E6
Status of recommendations for councils from
Local government entities: 2018–19 results of financial audits (Report 13: 2019–20)

Internal audit	Further action needs to be taken
<ul style="list-style-type: none"> All councils must establish and maintain an effective and efficient internal audit function, as required by the <i>Local Government Act 2009</i>. 	<p>As of 30 June 2025, 6 councils (30 June 2024: 6 councils) still did not have an internal audit function. In addition, 4 councils (30 June 2024: 5 councils) that had an internal audit function established as of 30 June 2025 did not have any audit activity during the 2024–25 financial year.</p> <p>In <i>Local government 2022</i> (Report 15: 2022–23), we also recommended that the then Department of State Development, Infrastructure, Local Government and Planning, as regulator of the sector, make sure all councils establish an effective internal audit function, as required under the legislation. This has not yet happened.</p>



Secure employee and supplier (vendor) information	Further action needs to be taken
<ul style="list-style-type: none"> • Councils must verify changes to employee and supplier bank account details through sources independent of the change request. • Councils need to ensure information systems are secure, to prevent unauthorised access that may result in fraud or error. Security measures could include encryption of information, restriction of user access, regular monitoring by management, and appropriate segregation of duties. 	<p>We continue to find deficiencies at councils with regards to securing employee and supplier information. Similarly, we continue to find weaknesses with information systems security.</p> <p>In the last 2 financial years, there has been 2 instances of supplier fraud because of weak related to changes to the supplier masterfile.</p> <p>In line with the deficiencies and the 2 instances of vendor fraud, we continue to recommend councils take steps to secure their employee and supplier information.</p>
Conduct mandatory cyber security awareness training	Further action needs to be taken
<p>Councils need to develop and implement mandatory cyber security awareness training for all staff, to be completed during induction and at regular periods during employment. This should include:</p> <ul style="list-style-type: none"> • delivering targeted training to higher-risk user groups, such as senior management, staff who have access to sensitive data, software developers, system administrators, and third-party providers • recording and monitoring whether all staff have completed their required cyber security awareness training • conducting campaigns to test the adequacy of staff vigilance to risks, such as phishing (fraudulent emails) and tailgating (following a person into an office), so entities can assess and improve their awareness programs. 	<p>As of 30 June 2025, 10 councils (2023–24: 11 councils) had not provided cyber security awareness training to their employees.</p> <p>We continue to recommend that all councils provide cyber security awareness training to their new and current employees.</p>

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Source: Queensland Audit Office.



Figure E7
Status of recommendations for the Department of Local Government, Water and Volunteers from *Local government 2024*
(Report 13: 2024–25)

Our recommendations from *Local government 2024* were made in April 2025, and although the department indicated it supports our recommendations, it has not yet had time to implement them.

Develop guidance material on ex-gratia payments for local governments		Fully implemented
REC 4	<p>We recommend that the department develops guidance material for councils to determine when ex-gratia payments are made. The guidance should:</p> <ul style="list-style-type: none"> • include expectations for internal governance • specify the required documentation, including supporting calculations, to support ex-gratia payments • specify the financial reporting and disclosure requirements • address the use of non-disclosure agreements and the circumstances when these would be appropriate. 	<p>The department has developed an ex-gratia (special) payments policy which has been made available on its online portal of council resources.</p>
Amend the sustainability guideline to include an asset consumption ratio for each asset class		Not implemented – recommendation accepted
REC 5	<p>We recommend that the department amends the sustainability guideline so that councils are required to calculate and report on the asset consumption of each asset class in their financial statements.</p>	<p>The department has accepted this recommendation in principal and will consider it as part of the triennial review of the Sustainability Framework including the Financial Management (Sustainability) Guideline and Risk Framework. This review was expected to commence in Quarter 1 of 2026 and to include engagement with key stakeholders such as councils, the Queensland Audit Office, Queensland Treasury Corporation, Local Government Association of Queensland, Local Government Finance Professionals, and Local Government Managers Australia.</p> <p>The commencement of the triennial review has now been delayed and expected to be completed by 1 July 2027 allowing sufficient time to consider any recommendations arising from the Depreciation Taskforce’s final report following the Government’s consideration.</p> <p>The acceptance and implementation of this QAO recommendation would be subject to that review.</p>

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Source: Queensland Audit Office.



Figure E8
Status of recommendations for the then Department of Housing, Local Government, Planning and Public Works from *Local government 2023* (Report 8: 2023–24)

Introduce an internal controls assurance framework for councils		Not implemented – recommendation accepted
<p>REC 4</p> <p>Amend the Local Government Regulation 2012 to require the head of finance to confirm whether the financial controls used to prepare the annual financial statements are effective each year.</p> <p>The confirmation should be provided to the mayor and chief executive officer each year before they sign the financial statements and should include:</p> <ul style="list-style-type: none"> • a summary of the council’s internal control framework – the people, systems, and processes that council uses to prepare reliable financial reports – and whether these controls were effective for the period the financial statements relate to • any significant areas of concern and their potential impact, and what action council has taken to address them • the status of issues reported in previous years • changes and improvements to internal controls during the year. 		<p>The department supports this recommendation, noting it requires amendment to the Local Government Regulation 2012. This recommendation will form part of a wider package of reforms in the broader 10-year statutory review of the Local Government Regulation 2012 and the City of Brisbane Regulation 2012.</p> <p>The review is scheduled for 2026 and will be conducted in consultation with local government sector stakeholders.</p>
Introduce an internal controls assurance framework for councils		Fully implemented
<p>REC 5</p> <p>Develop a template that councils can use to annually validate the effectiveness of their internal controls.</p> <p>This will help councils and heads of finance identify their key financial internal controls and determine whether these controls have operated effectively throughout the year. The department may benefit from Queensland Treasury’s help, and from using practices that are already in place in the state sector.</p>		<p>The department has developed Annual Internal Controls Review template which has been made available on its online portal of council resources for adoption.</p>
Determine the minimum expected requirements for all qualitative measures of council sustainability and include this in the sustainability framework		Fully implemented
<p>REC 6</p> <p>Amend the sustainability framework for Queensland councils to:</p> <ul style="list-style-type: none"> • include the qualitative (non-financial) indicators the department will use to measure councils • define and publish the minimum expected requirements for these qualitative indicators. <p>This will give councils a clear understanding of the qualitative elements they are being assessed against, and will help councils prioritise actions to improve against them (Chapter 5).</p>		<p>The department supported this was supported in-principle and it is considered fully implemented.</p> <p>The department has published its <i>Sustainability Guideline</i> which outlines the qualitative measures considered by the department in assessing sustainability. It has been determined that benchmarking data and minimum expected requirements will not be made publicly available as qualitative performance measures are inherently nuanced.</p>

Develop a way to measure the overall sustainability risk of individual councils		Fully implemented
REC 7	<p>Develop a methodology to determine the overall sustainability risk of councils. The methodology should assess the ratios in the department's sustainability framework in combination so an overall financial sustainability risk profile can be determined for each council.</p> <p>The methodology should also consider the impact on the overall financial sustainability if any of the benchmarks (identified for each ratio in the sustainability framework) are not met.</p> <p>This will help the department prioritise its resources for councils or groups of councils that need attention more urgently than others.</p> <p>It will also help councils understand what 'good' looks like and how the department intends to use the ratios in total to assess the financial sustainability of councils (Chapter 5).</p>	<p>The department supported this recommendation in principle and it is considered fully implemented.</p> <p>The department's risk framework to assess the financial sustainability of councils is available on the department's website and on its online portal of council resources. The framework takes a holistic view of council sustainability against 5 key elements – finances, asset management, compliance, operating environment, and governance. These in conjunction with broader financial ratios allow for the department understand the sustainability risk of councils and proactively respond to sustainability challenges faced by councils.</p>

Note: We define the terms we use to categorise the status of the recommendations at the end of this appendix.

Source: Queensland Audit Office.



Recommendation status definitions

If a recommendation is specific to an entity, we have reported on the action that entity has taken and whether the issue is *fully implemented*, *partially implemented*, *not implemented*, or *no longer applicable*.

Status	Definition
Fully implemented	Recommendation has been implemented, or alternative action has been taken that addresses the underlying issues and no further action is required. Any further actions are business as usual.
Partially implemented	Significant progress has been made in implementing the recommendation or taking alternative action, but further work is required before it can be considered business as usual. This also includes where the action taken was less extensive than recommended, as it only addressed some of the underlying issues that led to the recommendation.
Not implemented	Recommendation accepted No or minimal actions have been taken to implement the recommendation, or the action taken does not address the underlying issues that led to the recommendation.
	Recommendation not accepted The government or the agency did not accept the recommendation.
No longer applicable	Circumstances have fundamentally changed, making the recommendation no longer applicable. For example, a change in government policy or program has meant the recommendation is no longer relevant.

Where a general recommendation has been made for all entities to consider, we have assessed action on issues reported to specific entities in the prior year, as well as any further issues identified in the current year. On this basis, we have concluded whether *appropriate action has been taken* across the sector, or if *further action needs to be taken* to address the risk identified.

Status	Definition
Appropriate action has been taken	Recommendations made to individual entities have been implemented, or alternative action has been taken that addresses the underlying issues and no further action is required. No new issues have been identified across the sector that indicate an ongoing underlying risk to the sector that requires reporting to parliament.
Further action needs to be taken	Recommendations made to individual entities have not been fully implemented, and/or new recommendations have been made to individual entities, indicating further action is required by entities in the sector to address the underlying risk.
Recommendations have been superseded	Further guidance has been issued to assist the sector improve their process and the onus is now on the sector to take further action

