



FINANCIAL AUDIT REPORT

19 March 2026

Local government 2025

Report 12: 2025–26

As the independent auditor of the Queensland public sector, including local governments, the Queensland Audit Office:

- provides professional audit services, which include our audit opinions on the accuracy and reliability of entities' financial statements
- provides insights on entities' financial performance, risk, and internal controls; and on the efficiency, effectiveness, and economy of public service delivery
- produces reports to parliament on the results of our audit work, insights, and advice, and provides recommendations for improvement
- connects our reports to regions and communities with graphics, tables, and other visualisations
- conducts investigations into claims of financial waste and mismanagement raised by elected members, state and local government employees, and the public
- shares wider learnings and best practice from our work with entities, our professional networks, industry, and peers.

We conduct all our audits and reports to parliament under the *Auditor-General Act 2009*.

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The Honourable P Weir MP
Speaker of the Legislative Assembly
Parliament House
BRISBANE QLD 4000

19 March 2026

This report is prepared under Part 3 Division 3 of the *Auditor-General Act 2009*.



Rachel Vagg
Auditor-General



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Acknowledgement

The Queensland Audit Office acknowledges the Traditional and Cultural Custodians of the lands, waters, and seas of Queensland. We pay our respects to Elders past, present, and emerging.

We use the term 'First Nations people' in this report. We respect First Nations people's choices to describe their cultural identity using other terms, such as Aboriginal and Torres Strait Islander peoples, particular peoples, or by using traditional place names.

Report on a page

This report summarises the audit results of Queensland’s 77 local government entities (councils) and the entities they control.

Financial statements for the sector are reliable

All councils had clean audit opinions, and their financial statements can be relied upon. This year, 63 councils (2023–24: 64 councils) had their financial statements completed by the statutory deadline of 31 October 2025.

Financial statements support the accountability and transparency of councils and allow for the comparison of Queensland councils with each other and other jurisdictions. They are comparable because all jurisdictions apply the same Australian accounting standards. Any change to the application of these standards needs to be carefully considered as it will reduce the comparability of council performance.

This year, councils improved the way they account for found and contributed assets, with fewer historical errors needing correction. Asset accounting and valuations still need improvement.

Access to skilled staff is a key driver for timely reporting

Councils’ financial statements are due for completion by the end of October each year. Around two-thirds of entities complete their financial statements just in time for that deadline or miss the deadline.

In preparing their financial statements, councils undertake checks and processes to ensure that the transactions and balances are complete and accurate. If a council does not have access to qualified and experienced staff, financial statements are more likely to contain errors and take longer to prepare and audit.

Continued focus needed to prevent fraud

In the past 2 years, 2 councils lost approximately \$5 million as a result of inappropriately changing vendor bank account details. The sophistication of approaches by fraud perpetrators has increased, but the controls to protect vendor details should be effective. Independent validation of vendor and employee bank account changes is the critical control. All councils should regularly check their processes to protect these details.

There was multi-year former employee fraud within a controlled entity of a council.

Information systems and spending controls need attention

In 2024–25, there were 263 significant internal control deficiencies that were either new or unresolved – the highest number of high risk matters we have found in the sector in the last 5 financial years.

Controls relating to information systems, procurement, contract management, governance, and risk management need attention.

Changes in executive contract termination clauses

Standard terms and conditions are not used for executive contracts across the sector. There are significant differences in termination entitlements, which for chief executives vary from between 1 month and 12 months’ salary. Entitlements need to balance equity for the individual and appropriate use of public funds.

Each council should ensure that there is adequate oversight of contracts. The Department of Local Government, Water and Volunteers should provide guidance to the sector on chief executive contracts to ensure their adequacy and appropriateness.



1. Recommendations

Recommendations for councils

This year, we make one new recommendation for councils.

Assess the termination clauses included in executive contracts to ensure they are appropriate (Chapter 5)

We recommend councils assess the termination clauses included in their executive contracts to ensure they are appropriate for the public sector and required to attract, retain, and remunerate executives.

Councils should ensure there is adequate oversight of terms and conditions in contracts.

We have reported internal control deficiencies to individual entities during our audits.

By implementing our recommendations, councils will strengthen their internal controls for financial reporting and improve their financial sustainability.

Councils need to take further action on prior year recommendations

We encourage the councils to act on the recommendations from *Local government 2024* (Report 13: 2024–25) that are not yet resolved. These are summarised in the following tables.



Theme	Summary of recommendation	Local government report	Status of recommendation
Governance and internal control	Implement policies and procedures for determining the appropriateness and defensibility of ex-gratia payments [those made outside of contractual or legal requirements] including the transparency in such decision-making and the appropriateness of using non-disclosure agreements (Chapter 4)	Report 13: 2024–25	Further action needs to be taken
	Implement processes to ensure policies and procedures are regularly reviewed and kept up to date (Chapter 4)	Report 8: 2023–24	Further action needs to be taken
	Annually review the registration status of employees undertaking engineering services (Chapter 4)	Report 8: 2023–24	Further action needs to be taken
	Use our annual internal control assessment tool to help improve their overall control environment (Chapter 4)	Report 15: 2021–22	Further action needs to be taken
	Improve risk management processes (Chapter 4)	Report 17: 2020–21	Further action needs to be taken
Asset management and valuations	Establish and maintain an effective and efficient internal audit function (Chapter 4)	Report 13: 2019–20	Further action needs to be taken
	Review the asset consumption ratio – indicating how much of an asset has been used up – for water infrastructure assets and determine what action is required (Chapter 5)	Report 13: 2024–25	Further action needs to be taken
	Include councils' planned spending on major capital projects in asset management plans (Chapter 5)	Report 15: 2021–22	Further action needs to be taken

Theme	Summary of recommendation	Local government report	Status of recommendation
	Improve valuation and asset management practices (Chapter 3)	Report 17: 2020–21	Further action needs to be taken
Information systems	Strengthen the security of information systems (Chapter 4)	Report 17: 2020–21	Further action needs to be taken
	Conduct mandatory cyber security awareness training (Chapter 4)	Report 13: 2019–20	Further action needs to be taken
Procurement and contract management	Assess the maturity of their procurement and contract management processes using our procure-to-pay maturity model, and act on identified opportunities to strengthen their practices (Chapter 4)	Report 15: 2022–23	Further action needs to be taken
	Enhance procurement and contract management practices (Chapter 4)	Report 17: 2020–21	Further action needs to be taken
	Secure employee and supplier information (Chapter 4)	Report 13: 2019–20	Further action needs to be taken
Risk management	Assess climate risks and add them to the risk register (Chapter 4)	Report 13: 2024–25	Further action needs to be taken

We have included a full list of prior year recommendations and their status in [Appendix E](#).



Recommendations for the Department of Local Government, Water and Volunteers

This year, we make the following new recommendation to the Department of Local Government, Water and Volunteers (the department).

Develop guidance material on executive contracts for local governments (Chapter 5)

We recommend that the department develops guidance material to assist councils in developing contracts for executive employees.

The department needs to take further action on prior year recommendations

The department has made some progress in addressing the recommendations we have made in our previous reports.



It has published a framework to help councils provide assurance over their internal controls, aimed at providing councils with guidance and structured approaches for implementing effective internal control systems. However, further action is still required on 2 recommendations, as summarised below.

Theme	Summary of recommendation	Local government report	Status of recommendation
Financial reporting and capability within the sector	Introduce an internal controls assurance framework for councils (Chapter 4) Amend the Local Government Regulation 2012 to require the head of finance in each entity to confirm whether the financial controls used to prepare the annual financial statements are effective each year.	Report 8: 2023–24	Not implemented
Financial sustainability	Amend the sustainability guideline to include an asset consumption ratio for each asset class (Chapter 5)	Report 13: 2024–25	Not implemented

We have included a full list of prior year recommendations and their status in [Appendix E](#).

Reference to comments

In accordance with s.64 of the *Auditor-General Act 2009*, we provided a copy of this report to relevant entities. In reaching our conclusions, we considered their views and represented them to the extent we deemed relevant and warranted. Any formal responses from the entities are at [Appendix A](#).



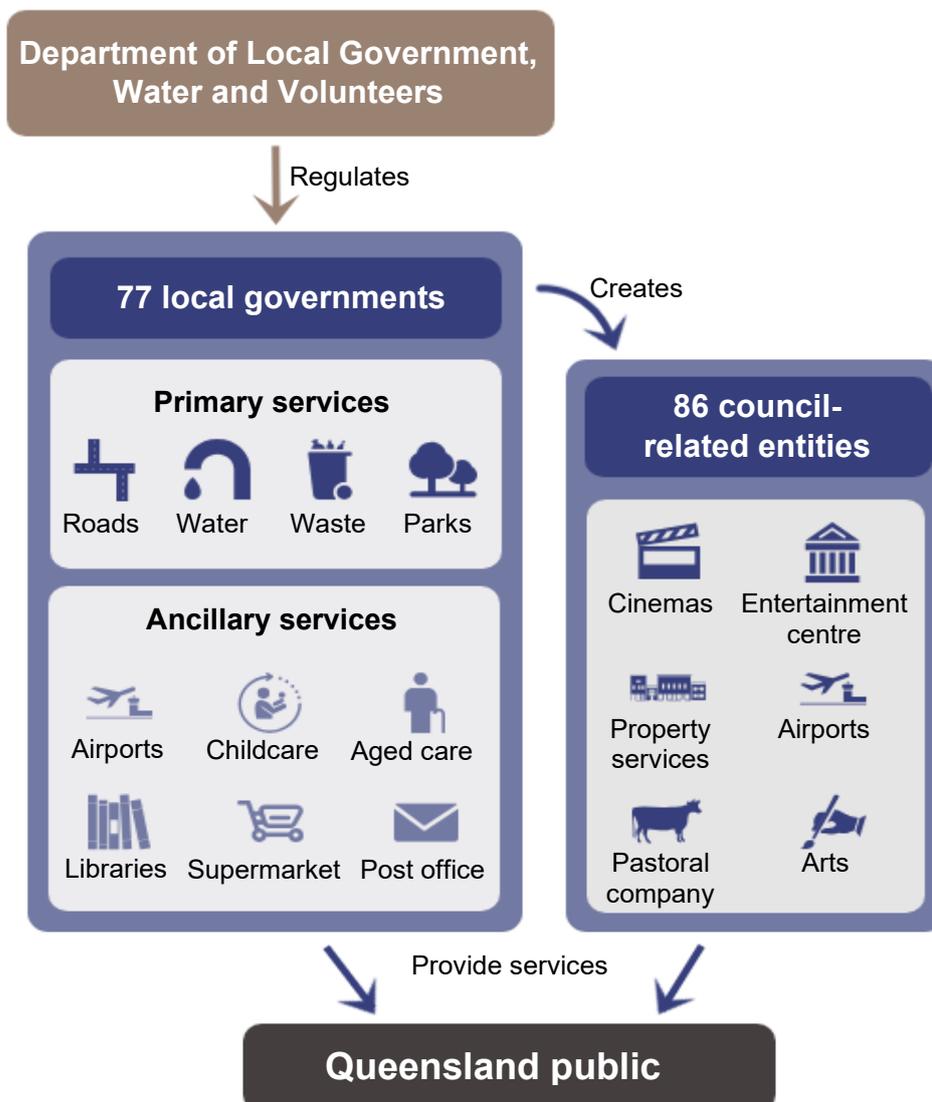
2. Entities in this report

Queensland local governments (councils) are established under the *Local Government Act 2009* or, in the case of the Brisbane City Council, under the *City of Brisbane Act 2010*.

These councils provide their communities with a range of primary and ancillary services, as shown in Figure 2A. They also establish council-related entities to separate commercial activities from the core regulatory and community service roles. These commercial activities can then be run like private businesses, while the councils continue to oversee and own them

The Department of Local Government, Water and Volunteers regulates the sector and administers some of the funding programs.

Figure 2A
Entities in the local government sector



Source: Queensland Audit Office.



How entities are grouped in this report

The department, under its *Financial Management (Sustainability) Guideline (2024)* has grouped councils into tiers, as shown in Figure 2B, based on their remoteness and their population. This is for monitoring and reporting purposes. We refer to the councils by these tiers throughout our report for consistency and to perform more focused analysis. Figure 2B shows the tiers.

Figure 2B
Councils by tier

Tier 1 council		
Brisbane City Council		
Tier 2 councils		
Cairns Regional Council	Logan City Council	Sunshine Coast Regional Council
Fraser Coast Regional Council	Mackay Regional Council	Toowoomba Regional Council
Gold Coast City Council	Moreton Bay City Council	Townsville City Council
Ipswich City Council	Redland City Council	
Tier 3 councils		
Bundaberg Regional Council	Lockyer Valley Regional Council	Scenic Rim Regional Council
Gladstone Regional Council	Noosa Shire Council	
Gympie Regional Council	Rockhampton Regional Council	
Tier 4 councils		
Cassowary Coast Regional Council	Mareeba Shire Council	Tablelands Regional Council
Central Highlands Regional Council	Somerset Regional Council	Western Downs Regional Council
Isaac Regional Council	South Burnett Regional Council	Whitsunday Regional Council
Livingstone Shire Council	Southern Downs Regional Council	
Tier 5 councils		
Banana Shire Council	Douglas Shire Council	Maranoa Regional Council
Burdekin Shire Council	Goondiwindi Regional Council	Mount Isa City Council
Charters Towers Regional Council	Hinchinbrook Shire Council	North Burnett Regional Council
Tier 6 councils		
Balonne Shire Council	Cook Shire Council	Torres Shire Council
Barcaldine Regional Council	Longreach Regional Council	
Cloncurry Shire Council	Murweh Shire Council	
Tier 7 councils		
Barcoo Shire Council	Carpentaria Shire Council	McKinlay Shire Council
Blackall-Tambo Regional Council	Croydon Shire Council	Paroo Shire Council
Boulia Shire Council	Diamantina Shire Council	Quilpie Shire Council
Bulloo Shire Council	Etheridge Shire Council	Richmond Shire Council
Burke Shire Council	Flinders Shire Council	Winton Shire Council
Tier 8 councils		
Aurukun Shire Council	Mapoon Aboriginal Shire Council	Torres Strait Island Regional Council
Cherbourg Aboriginal Shire Council	Mornington Shire Council	Woorabinda Aboriginal Shire Council
Doomadgee Aboriginal Shire Council	Napranum Aboriginal Shire Council	Wujal Wujal Aboriginal Shire Council
Hope Vale Aboriginal Shire Council	Northern Peninsula Area Regional Council	Yarrabah Aboriginal Shire Council
Kowanyama Aboriginal Shire Council	Palm Island Aboriginal Shire Council	
Lockhart River Aboriginal Shire Council	Pormpuraaw Aboriginal Shire Council	

Source: Compiled by the Queensland Audit Office, using the Department of Local Government, Water and Volunteers' *Financial Management (Sustainability) Guideline (2024)*.

3. Results of our audits

This chapter provides the results of our audits and the types of audit opinions given. It also provides areas of focus for councils for improving financial statement preparation and timeliness.

The main financial reporting challenge relates to asset accounting and valuation. This chapter provides more detail on the increased number of matters identified during our audits.

Chapter snapshot

<p>Council financial statements are reliable</p> 	<p>Some councils' financial statement preparation processes are not as strong as they need to be</p> 
<p>Majority of councils complete their financial statements close to the statutory deadline</p> 	<p>Fewer councils have reported historical errors, but asset accounting and valuation processes have not improved</p> 
<p>7 councils are yet to complete their 2024–25 financial statements at the date of this report</p> 	

[Appendix E](#) provides the full detail of all prior year recommendations we have made to councils and the department.

Audit opinion results

Audits of financial statements of councils and their controlled entities – 2024–25

All of the 2024–25 financial statements of the 70 completed councils (2023–24: 71 councils) were reliable and complied with relevant laws and standards. Of the 70 councils with finalised financial statements as of the date of this report, 63 were completed before the statutory deadline of 31 October.

Seven councils have not yet finalised their financial statements for 2024–25 and are outlined below:

- Boulia Shire Council
- Gympie Regional Council
- Mornington Shire Council
- Northern Peninsula Area Regional Council
- Palm Island Aboriginal Shire Council
- Woorabinda Aboriginal Shire Council (and prior years)
- Wujal Wujal Aboriginal Shire Council (and prior years).

They have all received approval from the Minister for Local Government and Water to extend their time frame to complete their financial statements.



Except for one audit opinion, the completed financial statements of the 64 council-related entities for 2024–25 were reliable and complied with relevant laws and standards. 14 council-related entities remain outstanding. The list of council-related entities that have not completed their financial statements for the 2024–25 year is included in [Appendix F](#) for controlled-entities, by-arrangement audits and jointly-controlled entities, and [Appendix G](#) for exempt entities.

For Local Buy Trading Trust (controlled by the Local Government Association of Queensland Ltd), we issued a qualified opinion – we could not ensure that the revenue recorded in the financial statements was the total amount of revenue that it should have collected. We issued a qualified opinion for this entity last financial year for the same reason.

We included an emphasis of matter in the audit opinions for one council-related entity (2023–24: one council related entity) because it was reliant on financial support from its parent entity.

Not all council-related entities need to have their audits performed by the Auditor-General. [Appendix G](#) provides a full list of these entities.

Audits of financial statements of councils and their controlled entities – 2023–24 and 2022–23

Some councils and their controlled entities completed outstanding prior years' financial statements in this financial year. Figures 3A and 3B show the councils and controlled entities that have completed their financial statements for 2022–23 and/or 2023–24, in the time since our last report.

Figure 3A
Council financial statements for 2022–23 and 2023–24 completed this year

Council	Financial year	Date audit opinion issued	Type of opinion issued
Northern Peninsula Area Regional Council	2022–23	22.08.2025	Unqualified
Palm Island Aboriginal Shire Council	2022–23	24.04.2025	Qualified
Diamantina Shire Council	2023–24	11.04.2025	Unqualified
Mornington Shire Council	2023–24	29.08.2025	Unqualified
Northern Peninsula Area Regional Council	2023–24	19.12.2025	Unqualified
Palm Island Aboriginal Shire Council	2023–24	08.01.2026	Qualified

Source: Queensland Audit Office.

We issued a modified audit opinion (qualified) on the 2022–23 financial statements of Palm Island Aboriginal Shire Council, as the council was unable to provide enough information about the completeness and accuracy of reported revenues for accommodation income, lease income, motel income, service charges, landing fees revenue, and staff salaries and wages expenses (and financial sustainability ratios based on these revenues and expenditure) to confirm that they were correctly reported.

We also issued a modified audit opinion (qualified) on the 2023–24 financial statements of Palm Island Aboriginal Shire Council, as the council was unable to provide enough information about the completeness and accuracy of reported revenues for accommodation income, lease income, motel income, service charges, and landing fees revenue (and financial sustainability ratios based on this revenue) to confirm that they were correctly reported.

Figure 3B
Council controlled entities' financial statements for 2022–23 and 2023–24 completed this year

Council controlled entities	Financial year	Date audit opinion issued	Type of opinion issued ¹
Empire Theatres Foundation	2022–23	27.01.2026	Qualified
Empire Theatres Foundation	2023–24	27.01.2026	Unqualified with an emphasis of matter
Empire Theatres Pty Ltd	2023–24	27.01.2026	Qualified
TradeCoast Land Pty Ltd	2023–24	05.09.2025	Unqualified with an emphasis of matter
Ipswich Arts Foundation Trust	2023–24	19.05.2025	Unqualified
Major Brisbane Festivals Pty Ltd	2023–24	12.05.2025	Unqualified
SEQ Regional Recreational Facilities Pty Ltd	2023–24	05.08.2025	Unqualified
Townsville Breakwater Entertainment Centre Joint Venture	2023–24	06.05.2025	Unqualified with an emphasis of matter

Note: ¹ Refer to [Appendix F](#) for further details on the various emphases of matter.

Source: Queensland Audit Office.

We issued a qualified opinion for Empire Theatres Foundation's 2022–23 financial statements and Empire Theatres Pty Ltd's 2023–24 financial statements, due to alleged fraud.

Unfinalised audits of financial statements of councils and their controlled entities – 2021–22, 2022–23, and 2023–24

Figures 3C and 3D show the councils and controlled entities that have not yet completed their financial statements for prior years. These councils have all received approval from the Minister for Local Government and Water to extend their time frame.

Figure 3C
Councils that are yet to complete their financial statements for prior years

Council	Financial year	Status	Ministerial extension issued to date ¹
Woorabinda Aboriginal Shire Council	2021–22	Not complete	02.03.2026
Woorabinda Aboriginal Shire Council	2022–23	Not complete	29.05.2026
Woorabinda Aboriginal Shire Council	2023–24	Not complete	29.05.2026
Wujal Wujal Aboriginal Shire Council	2023–24	Not complete	31.03.2026

Note: ¹ Ministerial extensions may only be obtained for councils (not local government-related entities).

Source: Queensland Audit Office.

Figure 3D
Controlled entities that are yet to complete their financial statements for prior years*

Council	Financial year	Status
Woorabinda Pastoral Company Pty Ltd	2021–22	Not complete
Woorabinda Pastoral Company Pty Ltd	2022–23	Not complete
Woorabinda Pastoral Company Pty Ltd	2023–24	Not complete
North Rail Yard Developments Pty Ltd	2023–24	Not complete

Note: * Ministerial extensions are not required for controlled entities that have not completed their financial statements.

Source: Queensland Audit Office.

DEFINITION

We express an **unmodified opinion** when financial statements are prepared in accordance with the relevant legislative requirements and Australian accounting standards.

We include an **emphasis of matter** to highlight an issue of which the auditor believes the users of the financial statements need to be aware. The inclusion of an emphasis of matter paragraph does not change the audit opinion.

We express a **modified opinion** when financial statements do not comply with the relevant legislative requirements and Australian accounting standards and, as a result, are not accurate and reliable.

There are 3 types of modified opinions: **qualified**, adverse, and disclaimer.

Focus areas for improving the timeliness of financial reporting

Councils in Queensland have until 31 October each year to have their financial statements prepared, approved, and audited. State government entities complete their financial reports by 31 August each year.

Reporting by 31 October ensures that the community, councillors, and management have timely access to reliable financial information. Allowing sufficient time to prepare and audit financial statements improves their quality and supports their delivery by the end of October.

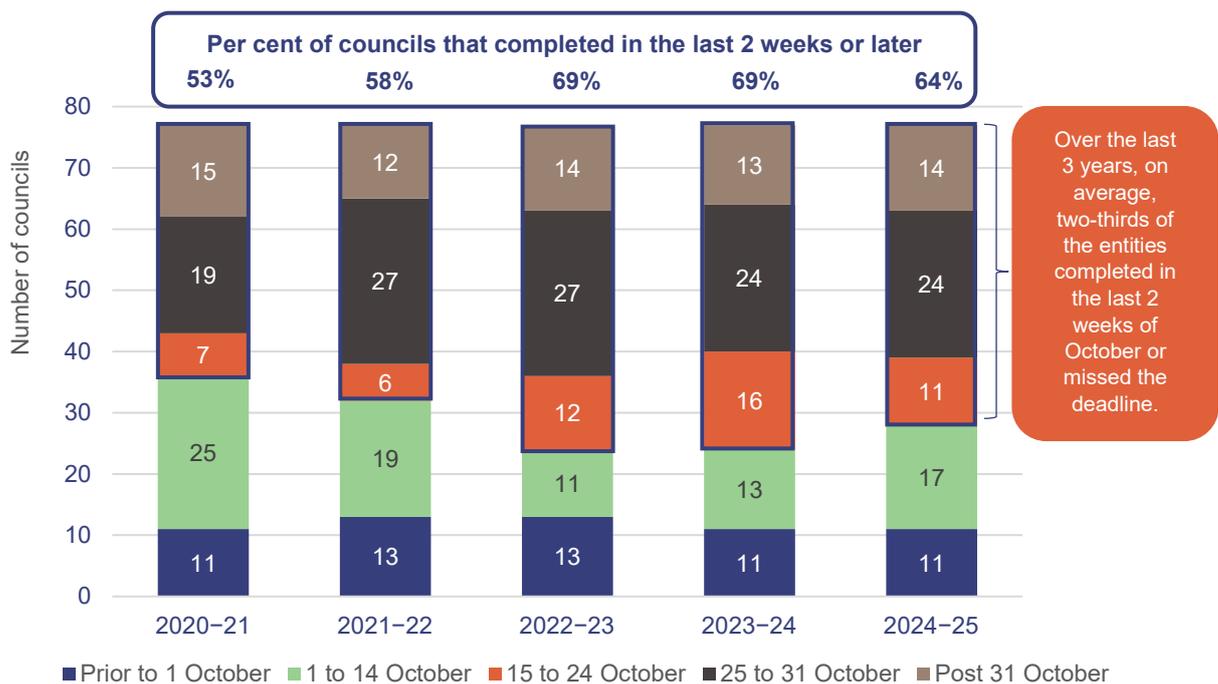
Around two-thirds of councils complete their financial statements very close to the legislative deadline or miss the deadline. This can add pressure to the finance teams, and preparation and review processes. We find that late processes often increase the risk of error. It also compresses the time available for councils, their audit committees, and auditors to consider matters that require significant attention.

In the last 3 years (2022–23 to 2024–25), more councils have either completed their financial statements late in October or have not met their statutory deadline.

This is particularly challenging for several rural and remote councils in tiers 7 and 8, largely due to their inability to access skilled finance staff. Qualified and experienced finance staff are in demand, and many Queensland councils have found it difficult to recruit and retain them. In Chapter 5 of this report, we suggest ways in which councils could work collaboratively to boost their capability.

Figure 3E shows the timeliness of financial reporting across the sector.

Figure 3E
Certification of council financial statements – 2020–21 to 2024–25



Source: Queensland Audit Office.

Some of the milestones were not met because agreed timetables for the preparation of statements and supporting working papers were not met. These timetables are agreed at the beginning of the preparation and audit processes.

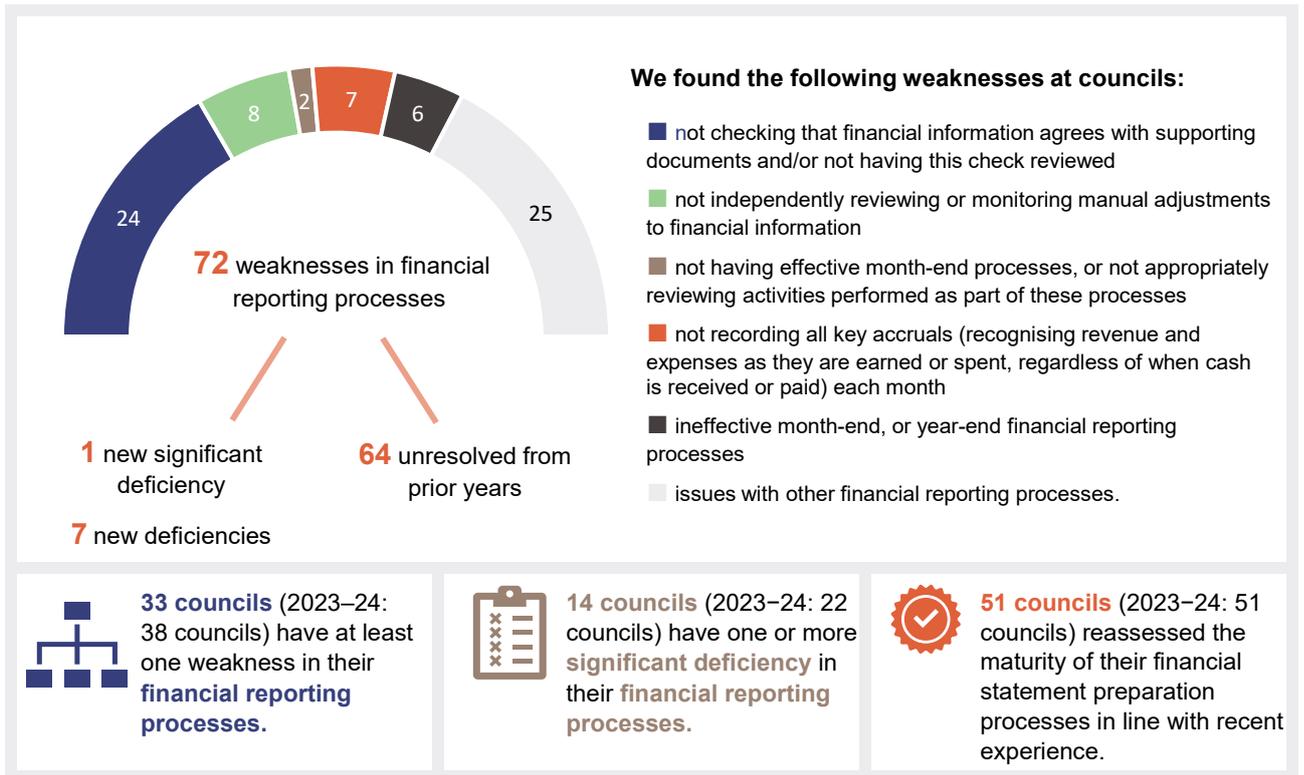
Financial reporting processes can be improved

Financial reporting processes are the end-to-end activities that councils use to record, reconcile, review, and report financial information. These processes help make sure financial information is complete, accurate, and reported on time for monthly reporting and the annual financial statements. Oversight of financial reporting processes and strong internal controls helps ensure issues are identified early, addressed promptly, and do not affect the quality of the financial statements.

This year, we reported 72 weaknesses (2023–24: 94 weaknesses) related to councils’ financial reporting processes. Although this is an improvement, as of 30 June 2025, all 72 weaknesses (2023–24: 78 weaknesses) are still unresolved. Of these, 64 weaknesses have not been resolved for more than 12 months.



Section snapshot 3.1 – all weaknesses in financial reporting processes in 2024–25

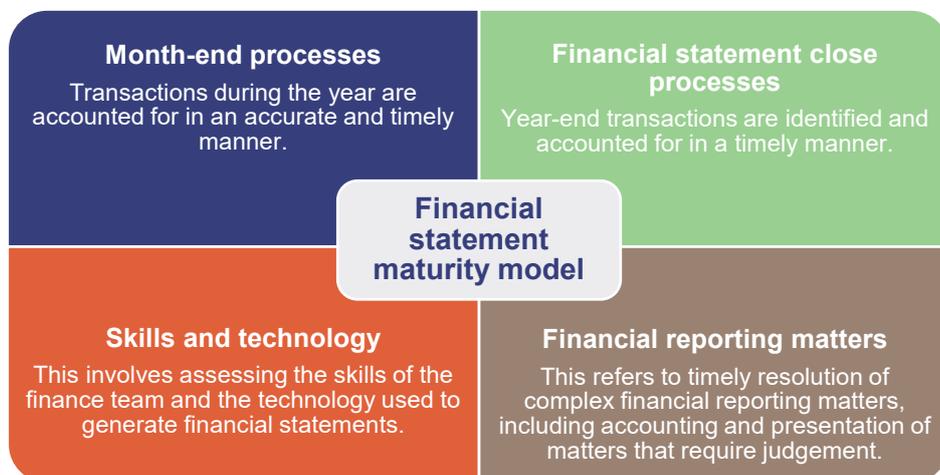


Developing mature financial statement preparation processes

Timely financial reporting is supported by mature financial statement preparation processes. These include month-end processes, year-end processes, access to skills and technology, and the timely identification and response to financial reporting matters. Many of these processes are undertaken throughout the year, which eases year-end pressures.

To assist public sector entities in Queensland strengthen their financial statement preparation processes, we developed a financial statement maturity model. It is available on our website at: www.gao.qld.gov.au/reports-resources/better-practice/financial-statement-preparation-maturity-model-self-assessment. This model assesses financial statement maturity processes across the following 4 components.

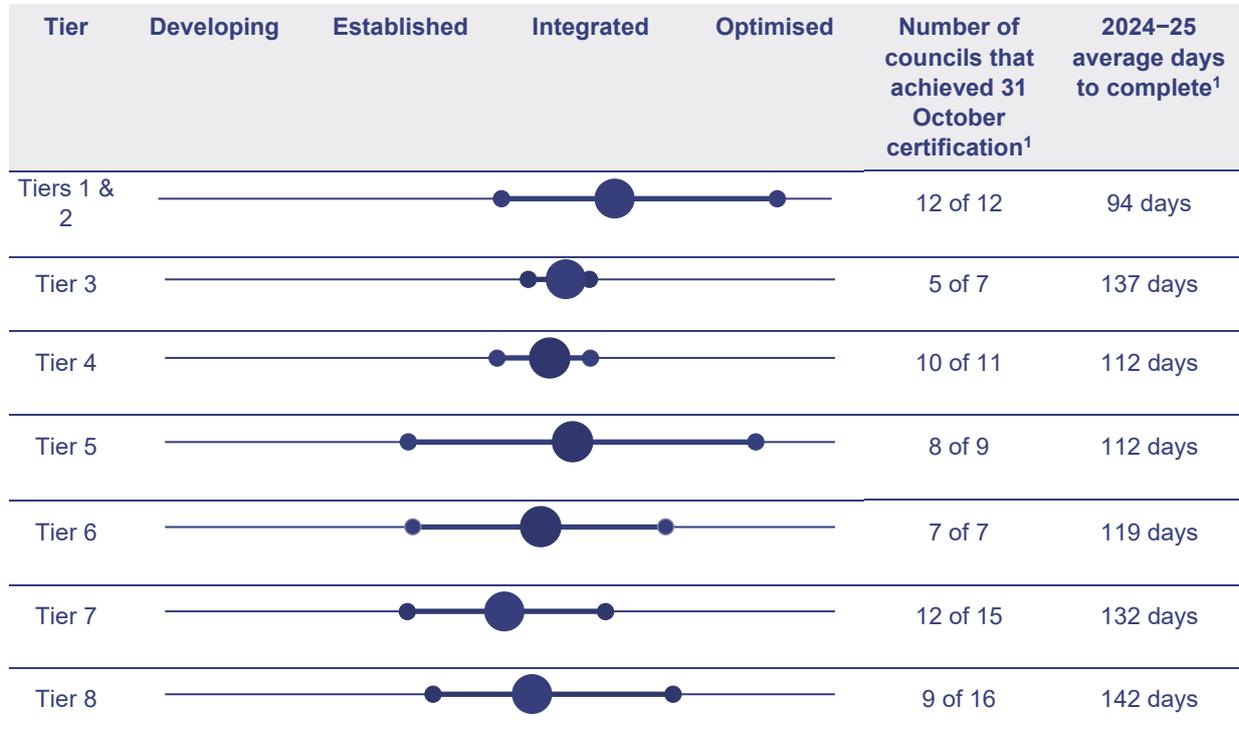
Figure 3F
Components of our financial statement maturity model



Source: Queensland Audit Office.

This year, we assessed councils’ financial statement maturity levels using this tool. Figure 3G aggregates the maturity levels for councils in each tier. While there is a wide range of maturity levels, typically the lower the maturity, the fewer the councils meeting their statutory deadlines and the longer the average days to complete financial statements.

Figure 3G
Financial reporting maturity levels, number of councils that met their statutory deadline, and average days to complete the financial statements – by tier



Key: ●—● QAO assessment 2025 – range of scores ● QAO assessment 2025 – average of scores

Notes: This graph shows the minimum and maximum score for each council within the Tier, and the average of all scores.

¹ Average number of days each tier has taken to have its audit opinions certified from 30 June 2025 per tier (number of days between 30 June and 31 October is 123). For councils that have not signed their financial statements at the date of this report, we have used 31 January 2026 as a proxy for their completion date.

Source: Compiled by the Queensland Audit Office, based on information collected from QAO assessments (2024–25), using our financial statement preparation maturity model self-assessment tool.

We show the maturity levels and the number of days to complete the financial statements for each council in [Appendix J](#).

Asset accounting and valuation processes need more focus

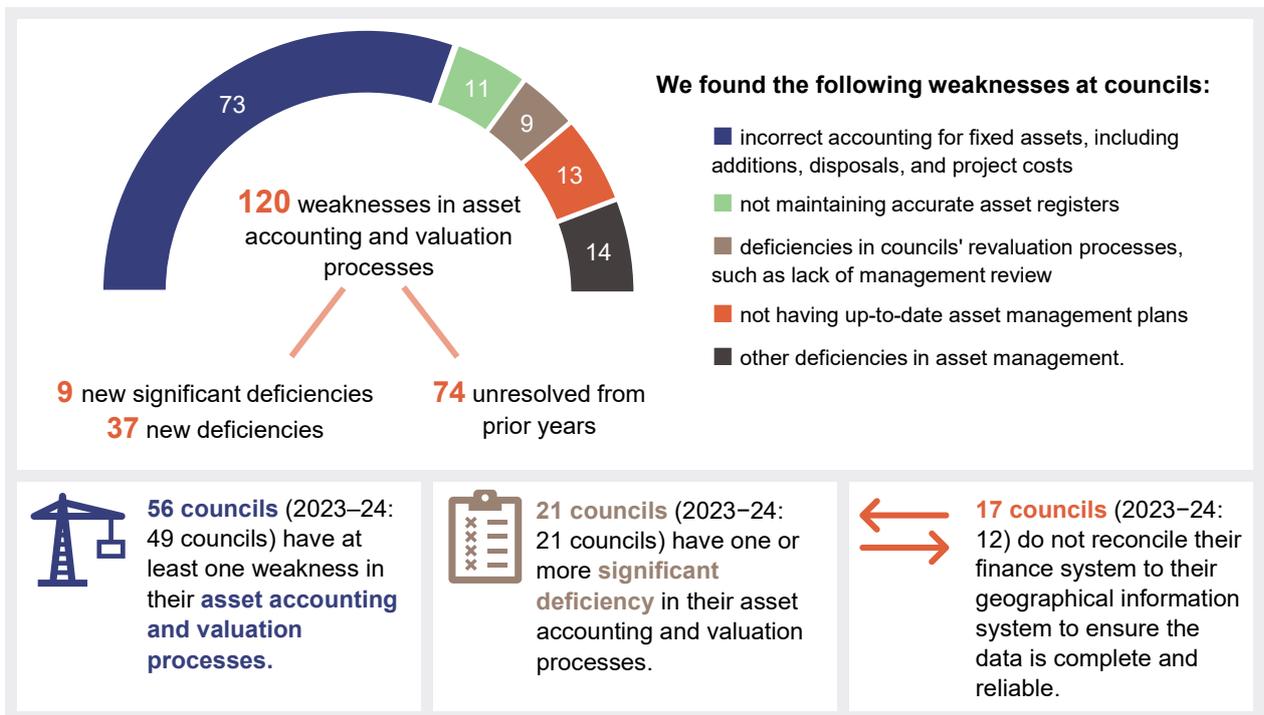
As of 30 June 2025, the sector managed \$148 billion of infrastructure assets (2023–24: \$142 billion). These include roads, bridges, and water assets that are used to provide services to their communities. Councils have improved their record keeping relating to contributed assets, resulting in fewer historical (prior period) errors identified this year.

Accounting for and valuing assets, combined with good record keeping, continue to need improvement and make up a number of significant deficiencies we report to councils. Up-to-date and reliable asset information supports financially sustainable council decision making, including where to spend money on repairs and maintenance as well as the upgrade or replacement of assets. It can also help inform procurement planning and supply chain management.



We categorise any required improvements we identify as either a significant deficiency or deficiency. A significant deficiency is of higher risk and requires immediate attention by a council.

Section snapshot 3.2 – all asset accounting and valuation weaknesses in 2024–25



Asset accounting and asset valuation processes need improvement

We continue to identify weaknesses in asset accounting and valuation. This year, we identified 46 new weaknesses (2023–24: 39 weaknesses) in these processes. We noted:

- ! errors in or changes to the asset valuation identified in the audit process
- 📄 untimely reporting by valuers, in some instances because councils did not engage early with the valuers
- 🏢 lack of oversight by management of the asset valuation process, resulting in delays in finalising the valuations.

Councils' assets are the largest amount in their financial statements. Valuing these assets is complex and requires significant estimates and judgements. Sufficient time needs to be allocated – both by councils and auditors – for this process to ensure that the value of the assets reported in council financial statements are correct.

Councils that have good asset valuation processes ensure they have their asset valuation completed by 30 June each year. This gives them enough time to properly oversee the process and consider the results of the valuations, which helps with timely preparation of financial statements.

Preparing position papers for asset valuations

Councils can either prepare their valuations internally or engage an external valuer to support the process. Analysing the results of either process ensures that the determined values are appropriate, and based on the current condition of the assets and the way they are used and maintained.

Those responsible for overseeing the financial reporting process should challenge the fair values and useful lives (how long the assets would last before they need to be replaced) assigned to assets. This would help avoid asset values being overstated and higher depreciation charges.

We have previously issued guidance to entities on preparing good documentation – referred to as ‘position papers’ – for accounting matters and valuation. Our fact sheet includes guidance on the content to be included in position papers, and some example papers. It is available on our website at: www.gao.qld.gov.au/reports-resources/fact-sheets/preparing-position-papers-accounting-matters-valuation.

Fewer prior period errors relating to found assets

Fewer councils identified ‘found’ assets in the 2024–25 financial year. Five councils (2023–24: 11 councils) accounted for a combined \$136 million (2023–24: \$255 million) of found and contributed (donated) assets, which is a reduction of 46 per cent compared to last year.

Councils are strengthening how they identify and account for assets that are donated to them – by developers or through other sources, such as other levels of government – and for found assets (these are the assets that councils have owned but not previously accounted for in their records).

One of the reasons that councils still identify found assets is because the information recorded in their financial systems and geographical information systems – which are used to capture, store, and manage detailed components of assets, including their geographical location – do not agree with each other.

Regular reconciliation of the financial systems to the geographical information system would help councils ensure that the records of assets in their financial statements are complete and accurate.

We encourage councils to continue improving their process for identifying and accounting for assets in a timely manner.



4. Internal controls at councils

This chapter reports on the effectiveness of the internal controls of the local government sector. It also provides areas of focus for entities to improve their internal controls.

Internal controls are the people, systems, and processes that ensure an entity can achieve its objectives, prepare reliable financial reports, and comply with applicable laws. Features of an effective internal control environment include:

- a strong governance framework that promotes accountability and supports strategic and operational objectives
- secure information systems that maintain data integrity
- robust policies and procedures, including appropriate financial delegations
- regular management monitoring and internal audit reviews.

Where we identify weaknesses in the internal controls, we categorise them as either deficiencies (those of lower risk that can be corrected over time) or significant deficiencies (those of higher risk that require immediate action by management). We report any weaknesses in the design or operation of those internal controls to management for their action.

Chapter snapshot



In this chapter, we discuss the weaknesses we reported to local governments (councils) by the 31 October 2025 statutory reporting deadline.



54 new significant deficiencies in internal controls – more than 200 unresolved in the last 2 years



75% of significant deficiencies have remained unresolved for more than 12 months



Focus on:

Information systems controls to protect from external attacks

Procurement controls to ensure value for money

Procurement management to ensure conflicts of interest are managed appropriately

Over the last 2 years vendor-related fraud has cost approximately \$5 million across 2 councils



Executive contracts contain significant variations in termination provisions

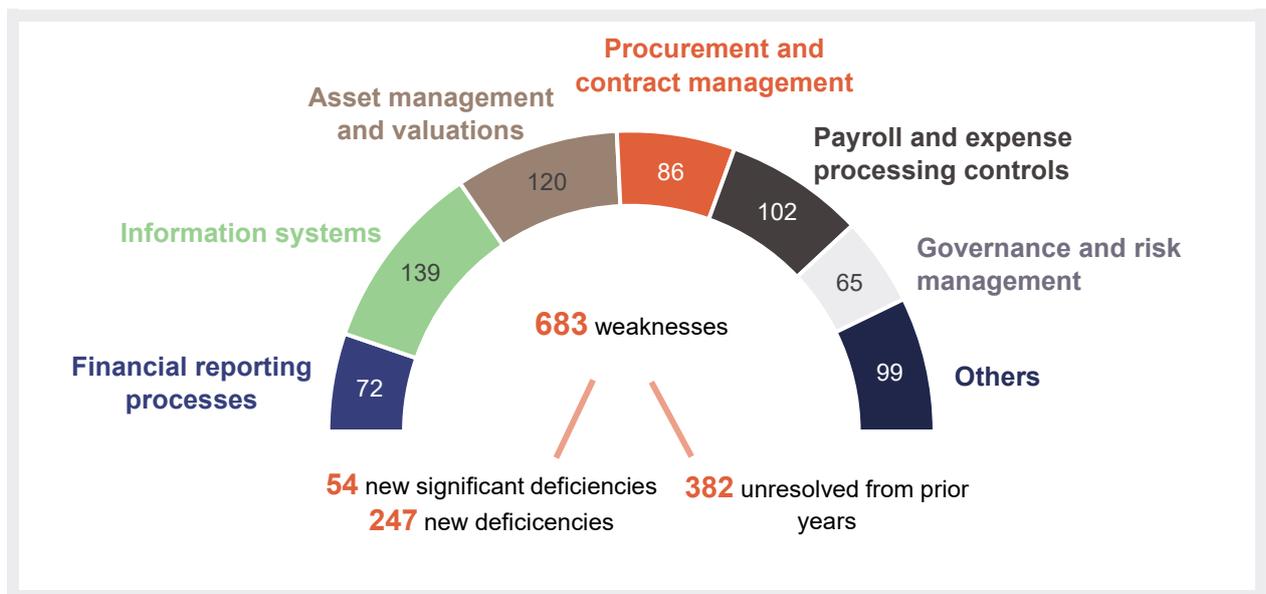
[Appendix E](#) provides the full details of all prior year recommendations made to councils and the department.

Types of internal control deficiencies across the sector

We assess whether the systems and processes (internal controls) used by entities to prepare financial statements are reliable.

This year, we have reported 301 new weaknesses, including 54 new significant deficiencies across 31 councils (2023–24: 242 new weaknesses, including 52 new significant deficiencies). Figure 4A shows the type of weaknesses we have identified across councils in our audits this year.

Figure 4A
Overview of internal control weaknesses in 2024–25



Source: Compiled by the Queensland Audit Office.

All of the common internal control weaknesses shown in Figure 4A are covered in this report. We discussed internal control deficiencies related to the financial statement preparation process, including financial reporting processes and asset management and valuations in Chapter 3.

In this chapter, we cover the other common internal control weaknesses shown in Figure 4A above. We also give an update on internal control actions from prior years.

More action is needed to resolve overdue internal control weaknesses

The number of weaknesses unresolved from prior years as of 30 June 2025 had increased to 382 (2023–24: 356), with two-thirds of councils having unresolved significant deficiencies.

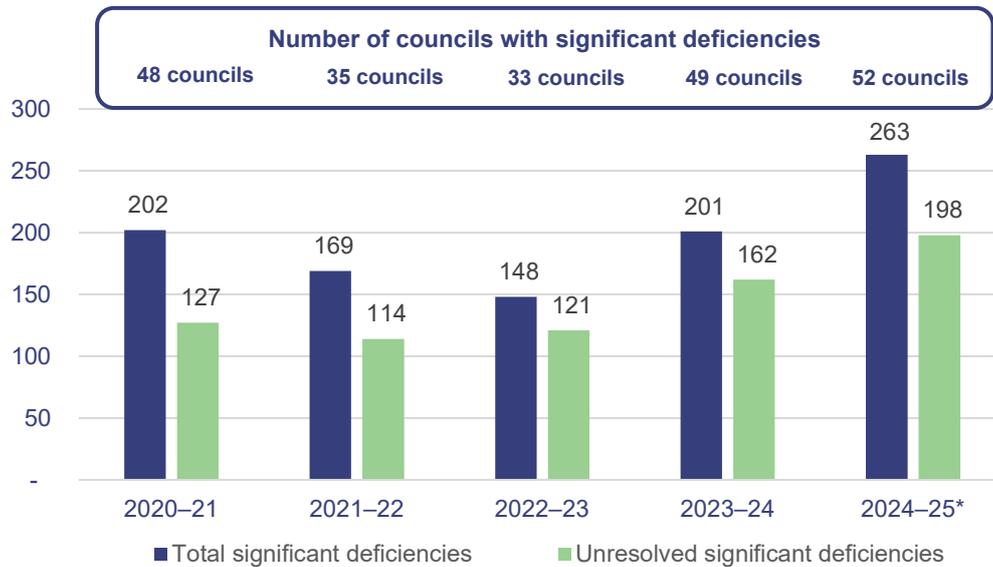
We have reported more than 200 significant deficiencies that were either new or unresolved from previous years. Of these, 75 per cent (2023–24: 81 per cent) have remained unresolved for more than 12 months. We classify a deficiency as significant when we consider that it needs immediate attention due to the risks associated with the matter.

Councillors, chief executives, and audit committees must ensure they are informed of the reported matters, risks to council, and action plans that are in place. Active oversight and management are necessary to resolve the deficiencies.

Councils without audit committees and/or internal audit functions have more outstanding actions relating to internal control deficiencies. We discuss this later in the chapter.

Figure 4B shows the total significant deficiencies and unresolved significant deficiencies across the sector for the last 5 financial years.

Figure 4B
Total significant deficiencies in the sector and unresolved significant deficiencies from 2020–21 to 2024–25



Note: * Number of significant deficiencies reported for 2024–25 includes significant deficiencies from 2020–21, 2021–22, 2022–23, and 2023–24 for councils that completed their financial statements since we tabled *Local government 2024* (Report 13: 2024–25) in April 2025.

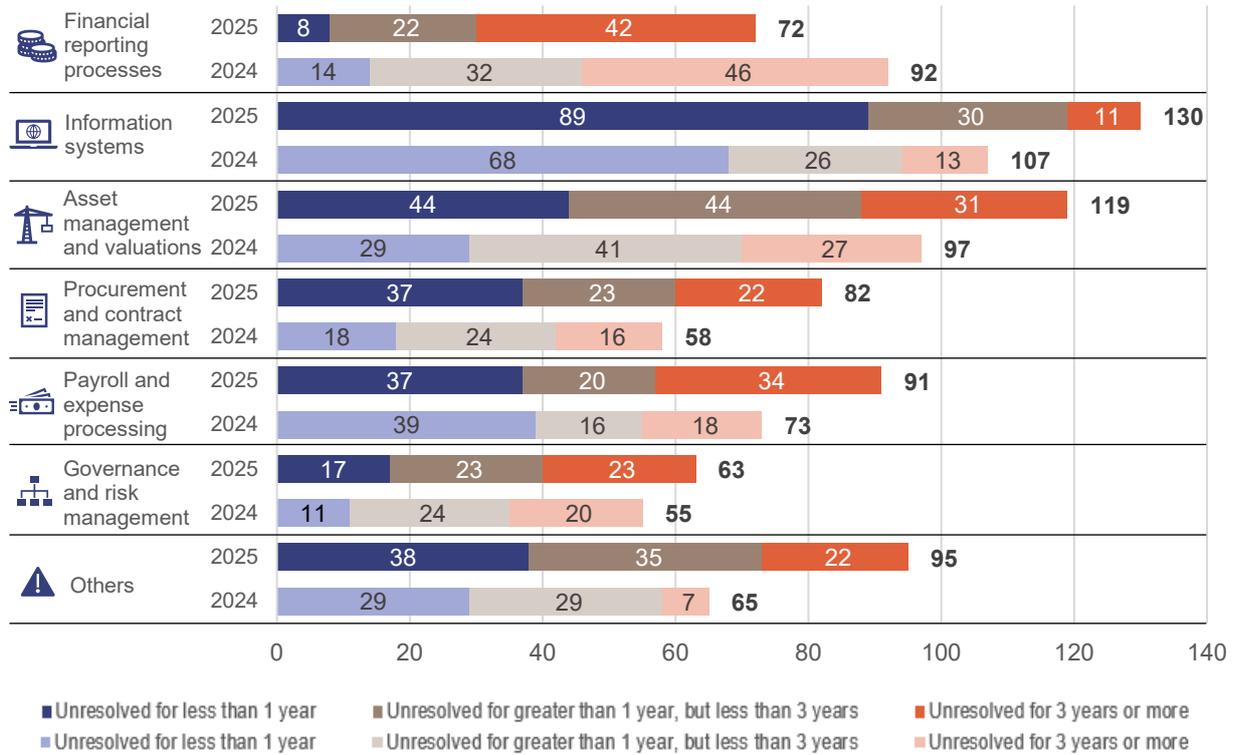
Source: Queensland Audit Office.

Common internal control deficiencies that are not resolved by councils

As of 30 June 2025, 28 per cent (2023–24: 23 per cent) of councils’ unresolved deficiencies have been outstanding for more than 3 years, showing that they are not addressing issues in a timely way. In Figure 4C, we show the sector’s internal control deficiencies grouped by theme and how long they have remained unresolved.



Figure 4C
Timeliness of resolution of common internal control weaknesses – unresolved as of 30 June 2025



Note: Weaknesses related to the financial statement preparation process, including financial reporting processes and asset management and valuations, are discussed in Chapter 3.

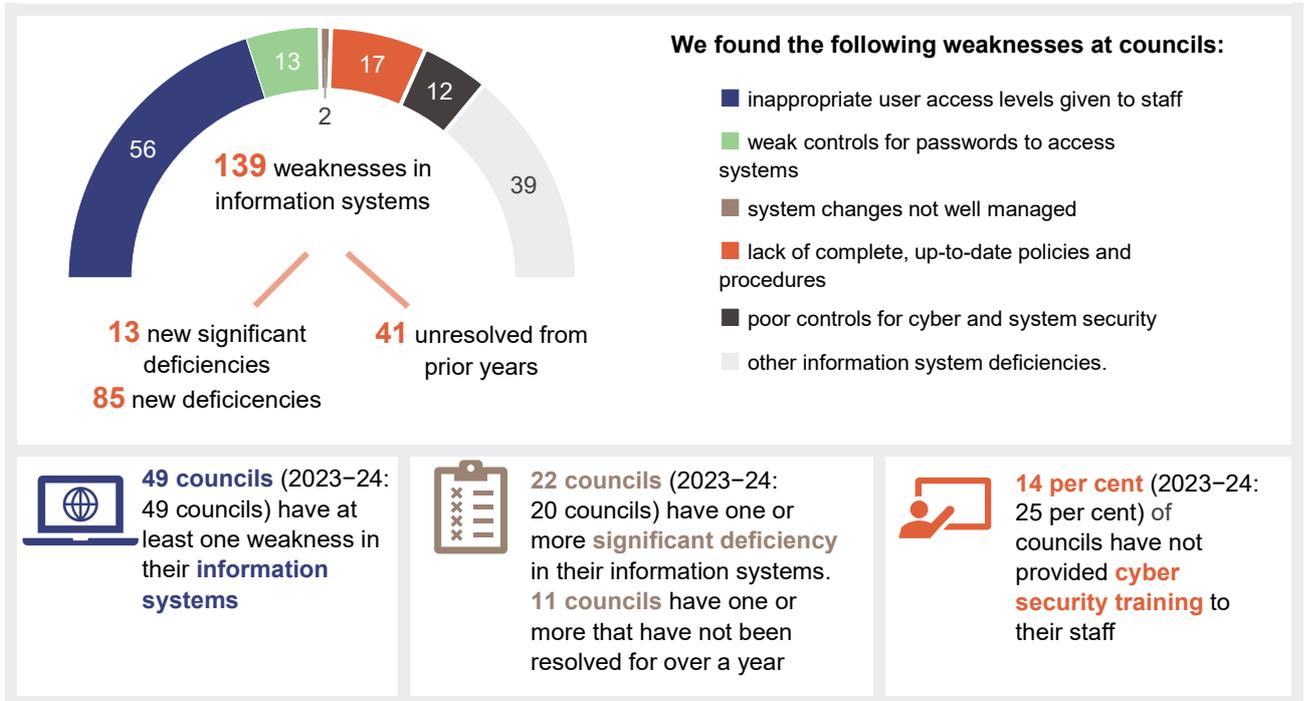
Source: Queensland Audit Office.



Themes of common internal controls weaknesses

Most information system weaknesses relate to inappropriate access to systems

Section snapshot 4.1 – all weaknesses in information system controls in 2024–25



Source: Queensland Audit Office.

Information systems are an integral part of a council’s day-to-day operations. They store financial and non-financial data for the council, its employees, vendors (suppliers), and rate payers.

As part of our audit, we review each council’s information systems control and recommend actions to strengthen their control environment. These actions, if put in place, do not guarantee that councils are immune to cyber threats, but they provide baseline protection.

This year we identified 98 new weaknesses across 49 councils (2023–24: 77 new weaknesses across 49 councils).

Many of these weaknesses relate to councils not assigning the right level of access that their staff need to undertake their day-to-day responsibilities. When entities do not provide the appropriate access levels, they expose their data to unauthorised access and potentially to the risk of cyber attack.

Cyber threats have been on the rise and are becoming more sophisticated. Over the last few years, we have tabled a number of reports that can help councils identify, manage, and respond to cyber threats. Figure 4D highlights the key takeaways from these.



Figure 4D
Key takeaways for councils from our recent cyber reports

Report	Take away for councils
<i>Managing cyber security risks</i> (Report 3: 2019–20)	This report includes the fundamentals of how entities can manage their cyber security risks. The report refers to the 'Essential Eight' mitigation strategies published by the Australian Cyber Security Centre.
<i>Responding to and recovering from cyber attacks</i> (Report 12: 2023–24)	This report discusses how entities should respond to and recover from a cyber security incident. This report also includes the following better practice guides: <ul style="list-style-type: none"> • Role capability checklist – to help senior executives identify gaps within the organisation that they may need to source external help to address. • Cyber response and recovery governance checklist – to help senior executives and councillors ask key questions of council management regarding response to and recovery from cyber security incidents. Both guides are available on our website at: www.qao.qld.gov.au/reports-resources/better-practice

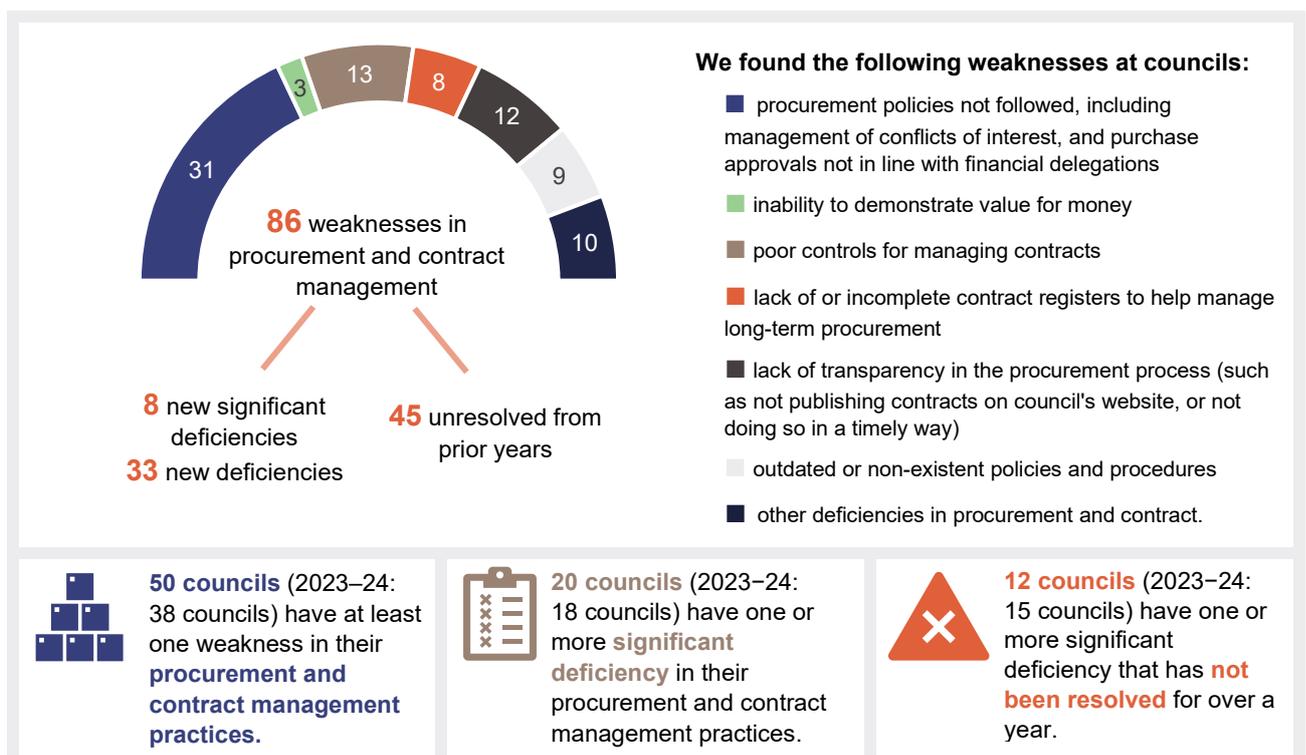
Source: Queensland Audit Office.

Cyber risk also emanates from third parties that provide services to councils – typically those that are managing councils' information technology systems. Councils need to have sound processes to manage these risks.

Our *Forward work plan 2025–28* includes a future audit to assess in detail how effectively public sector entities manage third-party cyber security risks.

Procurement and contract management controls need more attention to ensure councils achieve value for money

Section snapshot 4.2 – all procurement and contract management weaknesses in 2024–25



Source: Queensland Audit Office.



The sector spends approximately \$11.7 billion on average per year on operational and capital (major construction or replacement of assets) purchases.

As of 30 June 2025, over 60 per cent of the sector had weaknesses in procurement and contract management processes. We identified 41 new weaknesses in the 2024–25 financial year (2023–24: 21 new weaknesses).

Strong processes, including oversight, are needed to help:

- the decision-making process on what to procure, who to procure from, and whether what is offered provides value for money
- managing potential, actual, or perceived conflicts of interest throughout this process to support transparency and accountability
- ensure compliance with council's own policies or the Local Government Regulation 2012.

The processes should also assess the performance of a council's vendors to ensure they have met requirements under their contractual arrangements.

To assist councils improve their procurement and contract management practices, in 2023 we developed a procure-to-pay model for local governments. It is available on our website at:

www.gao.qld.gov.au/reports-resources/better-practice/local-government-procure-pay-model. This model contains a series of questions, grouped by 5 key components of internal control.

Managing conflicts of interest improves accountability and trust

Identifying and managing councillor and employee conflicts of interests ensures that the public can trust that the interests of council come first. We found significant deficiencies in some council processes for managing conflicts of interest.

Conflicts of interest generally arise when private interests, such as financial activities and relationships, impact, or appear to impact, judgements while performing council work. These can take many forms, including:

- obtaining direct or indirect financial benefits, or avoiding a loss
- sharing information with member organisations
- family member or close relationship benefits.

There should be appropriate processes to ensure that conflicts of interest are declared and managed, particularly during key decision making, procurement activity, grant allocations, and appointment and management of staff. Properly managing conflicts builds trust and manages the risk of any perceived wrongdoing.





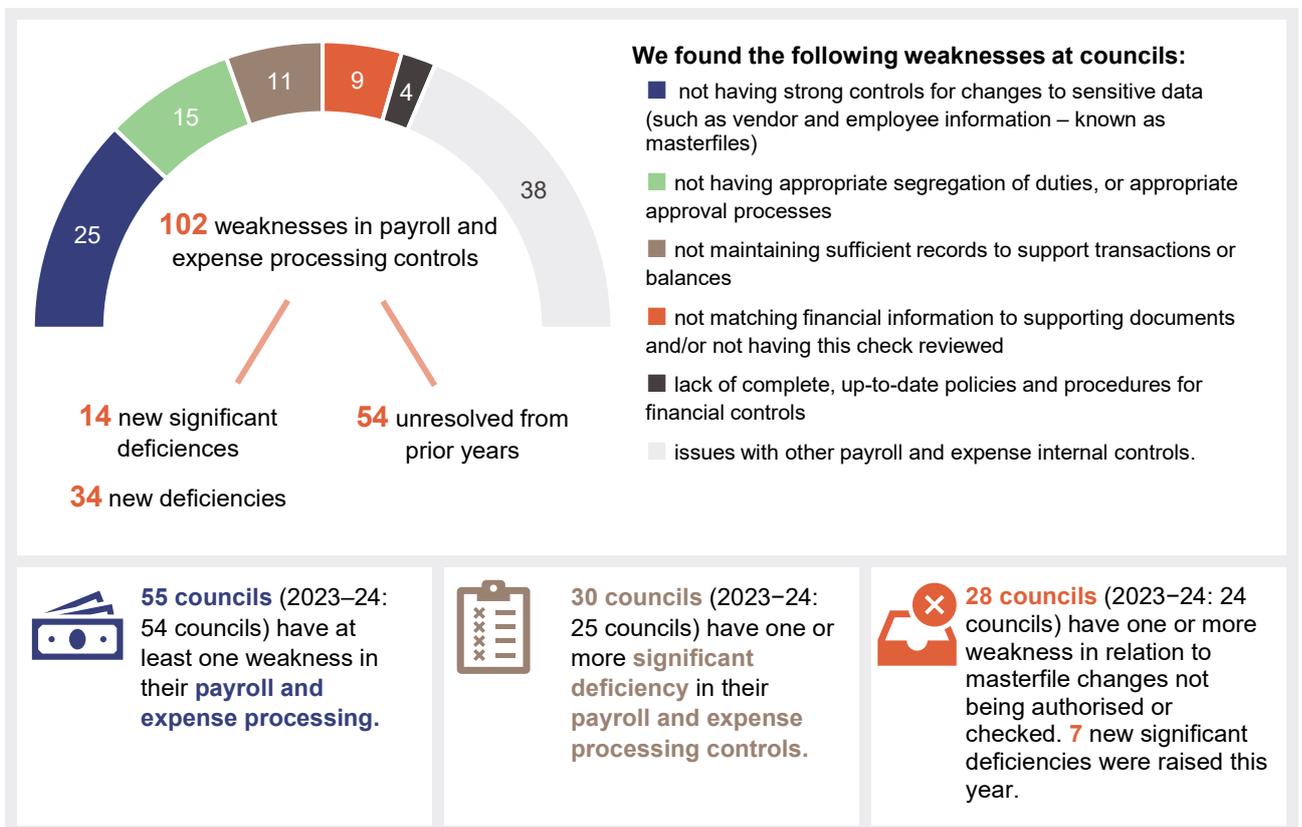
Opportunities for councils – managing conflict of interest effectively

Systems for managing conflicts of interest should comprise policies, procedures, and tools that link together:

- Policies – should be tailored to council’s circumstances and provide clear guidance and expectations around how employees should assess and manage conflicts of interest.
- Codes of conduct – councils should clarify who codes of conduct apply to, for example, employees, contractors, and/or local government councillors. Councils should also ensure all employees receive annual training on codes of conduct.
- Registers of interests and conflict of interest declarations – councillors and employees should be aware that legislative requirements exist for certain positions, such as councillor’s registers of interests.
 - Councils need to regularly update these following any change in circumstances. They should establish procedures to obtain declarations in other high-risk areas, such as for staff involved in tenders and procurement processes.
 - Declarations and registers of interest need to be written clearly to ensure users understand what is in scope, and the principles they are trying to achieve.
- Risk management processes – entities should establish appropriate risk treatment plans and ongoing monitoring within their operations, regardless of their size.
- Procedures – entities should establish procedures and mechanisms for managing conflicts of interest before a conflict is declared. For example, restricting participation in decision making where a conflict of interest exists.

Weaknesses in payroll and expense processing controls leave councils vulnerable to fraud and error

Section snapshot 4.3 – all payroll and expense processing control weaknesses in 2024–25



Payroll and expense processing controls ensure councils pay the right people the right amounts on time and record those costs accurately.

This year, we reported 48 new weaknesses (2023–24: 54 weaknesses) in the controls councils have in place over their payroll and expenses processing activities. Included in this are 7 new significant deficiencies (2023–24: 13 new significant deficiencies) in relation to insufficient independent reviews being performed over supplier and/or employee masterfile changes.

These reviews reduce the risk of errors, fraud, and incorrect payments by making sure balances are checked against supporting documents and changes to employee or supplier details are properly reviewed.

Controls over changes to masterfile data protect against fraud

Vendor fraud typically involves a fraudster posing as a legitimate vendor and requesting the entity to change the bank details of the legitimate vendor to those of the fraudster. When the legitimate invoices are received and processed, the payment goes to the fraudster's bank account. The approach by those perpetrating these frauds has become more sophisticated, highlighting the need to independently verify all changes to vendor details.

The Queensland public sector has been impacted by these vendor frauds for almost a decade. In the 2024–25 financial year, another council was impacted by an instance of supplier fraud. Two councils have lost a combined \$5 million over the last 2 financial years to vendor fraud, with only a portion of this being recovered.

In both instances, internal controls did not operate in the way they were designed to, resulting in losses of public monies and reputational damage to these councils.

Multiple recommendations have been made to councils to review their internal controls relating to vendor and employee masterfile details. In the box below, we have provided some opportunities for councils to consider in strengthening the internal controls when changes are made to vendor master file.



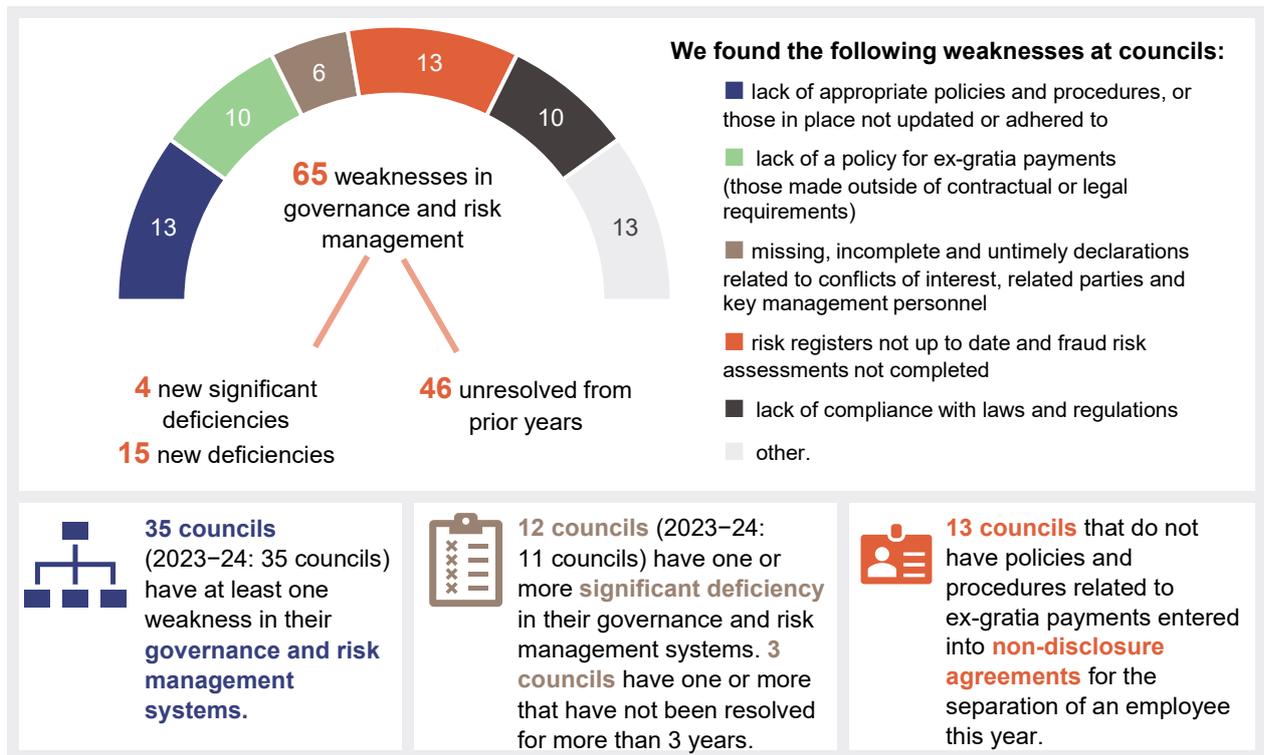
Opportunities for councils – strengthen internal control over changes to masterfiles and reinforce the importance of good controls to the staff

To help prevent successful fraudulent attempts, and to improve internal controls, all entities must take the following actions:

- Treat any masterfile change request with suspicion.
- Review the current controls over changes to master details, with particular emphasis on
 - checking all the details received via email are correct by independently verifying it to the vendor's website – for example phone number, website name, and location
 - confirming that the email address used to request changes to vendor's details agrees with the email address from the previous contact information in the entity's customer management system
 - always calling the supplier using a phone number sourced from an independent source – either obtained directly from their website or through council's customer relationship management system. Never rely on contact details provided in an email
 - ensuring a second person is involved in checking and approving all changes to the vendor masterfile at the time the change is made, including email and telephone contact details.
- Limit vendor masterfile change privileges in the finance system to the fewest number of staff.
- Review any changes made over the last 6 months for vendors (changes should include both vendor contact details and bank account details), with an emphasis on vendors with large recurring payments.
- Ensure all accounts payable staff have undertaken cyber awareness training in the past 6 months.

Governance and risk management processes need attention

Section snapshot 4.4 – all governance and risk management weaknesses in 2024–25



Governance sets the direction, expectations, and oversight of councils, while risk management helps identify and manage the risks that could stop them from achieving their objectives.

This year, we identified 19 new control weaknesses (2023–24: 11 weaknesses) in governance and risk management practices at councils. Councils have not been resolving their governance and risk management-related issues from previous years.

Insufficient and outdated policies and procedures can undermine councils' performance

Policies and procedures are important elements of councils' governance and risk management frameworks, as they help shape their culture and internal control environment. Having good policies and procedures promotes consistent practices.

This year, we reported 30 weaknesses (2023–24: 38 weaknesses) in relation to outdated policies and procedures. While there has been some improvement, councils need to take further action to strengthen them.

Varied termination clauses in executive contracts

Executive leaders (including chief executive officers) are usually employed under fixed term contracts. These contain the terms and conditions of employment, including what payments executives are entitled to receive if their employment is terminated. There are no standard terms for these executive contracts, and each council determines their own contractual requirements, sometimes without seeking any expert advice.

The common difference between contracts relates to termination clauses, which for chief executives vary from between 1–12 months of their overall remuneration – most entitlements being for 6 months remuneration. With the level of turnover in council chief executives reaching 39 per cent following the March 2024 elections, the costs to the sector can be substantial. 24 councils determined the termination clauses and the conditions without any consultation with an expert.

In the Queensland state sector, senior executives are employed under the *Public Sector Act 2022* and have a standard employment contract that limits any separation payments up to 6 months depending on the remaining duration of the contract at termination or 12 weeks on mutual agreement.

In New South Wales, the Office of the Local Government has mandated the use of standard contracts of employment when executives are employed by local governments in the state. This ensures consistency and certainty in employment relationships and reflects community expectations by providing greater transparency and accountability.

The Department of Local Government, Water and Volunteers (the department) has a role in developing similar guidance for the local government sector, to promote greater consistency in the terms and conditions for chief executive officer contracts.

Recommendation to councils

Assess the termination clauses included in executive contracts to ensure they are appropriate.

1. We recommend that councils assess the termination clauses included in their executive contracts to ensure they are appropriate for the public sector and required to attract, retain, and remunerate executives.
2. Councils should ensure there is adequate oversight of terms and conditions in contracts.

Recommendation to the department

Develop guidance material on executive contracts for local governments.

We recommend that the department develops guidance material to assist councils in developing contracts for executive employees.

Most councils do not have a policy on ex-gratia payments

In *Local government 2024* (Report 13: 2024–25), we reported that councils collectively paid \$6.4 million in termination payments to key management personnel. Included in these termination payments were amounts totalling to \$1.4 million paid over and above what these executives were entitled to under their employment contracts. These amounts are referred to as ‘ex-gratia’ payments.

Last year, we recommended councils implement policies and procedures to establish an approved framework within which they could make decisions around ex-gratia payments. Such a policy would guide when such payments are appropriate, a basis on which to determine the amount to be paid, and clarify who can approve such payments.

As of 30 June 2025, only 20 councils had developed a policy on ex-gratia payments.

Councils that had made ex-gratia payments in the 2023–24 financial year had done so using non-disclosure agreements (NDAs). While there are situations where NDAs might be necessary to protect sensitive information or privacy, it is important to ensure that they are used only in appropriate circumstances and that there is oversight. There is an increased risk that NDAs may be used to conceal suspected wrongdoing or make large payments that are more difficult to justify.

Risks arise when entities do not segregate duties

Segregation of duties ensures that no single person has control over all aspects of a financial transaction. This helps protect an organisation from fraud and error.

This can be challenging for smaller entities, as typically there is only one staff member in their finance team. In these circumstances, this oversight could come from those that are responsible for managing the business, such as the chief executive officer, or from those responsible for setting the strategic direction of the entity such as board of directors (for council-controlled entities) or by other senior employees in the case of small councils.

This year, an instance of fraud was reported at one council-controlled entity. The council has requested the controlled entities to improve payment and segregation controls. The council is continuing to undertake reviews to implement financial and governance improvements.

Councils can improve financial controls by implementing an internal controls assurance framework

In *Local Government 2023* (Report 8: 2023–24) we recommended the Department of Local Government, Water and Volunteers (the department) develop a template that councils could use to annually validate the effectiveness of their internal controls. This provides the chief executive officers and mayors – who sign the financial statements – with assurance that the amounts in the financial statements are correct.

In May 2025, the department published an internal controls assurance framework (the assurance framework) for councils. The framework provides councils with guidance and structured approaches for the implementation of effective internal control systems that align with best practice and support their sustainability.

This year, only 7 councils completed an assurance framework and attested that the financial controls they used to prepare the financial statements were effective.

Using a framework would provide councils with an opportunity to assess, implement, and improve internal controls.

Councils that have their own framework should compare it to the one issued by the department and consider any changes they need to make to their existing frameworks. Other councils can consider scaling the department's framework to suit the size and nature of their organisation.

Below, we show the benefits that preparing an assurance statement will bring about to councils' financial statement processes.



Opportunities for councils – preparing an assurance statement to validate the effectiveness of internal controls

The assurance process provides several benefits for councils, chief executive officers, and mayors. It:

- ✓ **strengthens accountability** by formally confirming the chief financial officer's oversight of financial management and the control environment
- ✓ **improves confidence in financial reporting** by giving the chief executive officer and mayor assurance that controls are working and financial information is reliable for the period
- ✓ **reduces the risk of errors or misstatements** through a structured, documented review of key controls and financial processes
- ✓ **tracks progress on prior-year issues** by requiring updates on whether previously reported control weaknesses have been resolved, remain in progress, or need further action
- ✓ **enables timely identification** of issues by highlighting control weaknesses early, so management can act before signing the financial statements
- ✓ **highlights improvements to internal controls** by reporting on enhancements made during the year, showing leaders how the control environment is strengthening over time
- ✓ **enhances transparency** by demonstrating that management reviews and validates the control environment each year
- ✓ **promotes consistent, repeatable processes** that can be scaled as needed to suit a council's maturity and complexity
- ✓ **supports good governance practices** by providing management with assurance that complements the work performed by internal and external audit
- ✓ **improves decision-making** by giving management and the mayor insights into financial risks and control effectiveness.



Effective audit committee and internal audit functions enhance the governance framework in councils

What do audit committees do?

An effective audit committee supports the chief executive and council by providing oversight of financial reporting, internal control systems, risk management systems, and internal audit.

Audit committees can often be a cost-effective independent source of advice on aspects of council operations that are required each year – preparing annual financial statements, having those financial statements audited, and running an internal audit function. In addition, audit committees can help improve accountability by challenging councils on their financial and risk management processes and the timely resolution of internal control deficiencies.

In the case study in Figure 4E, we provide an example how an audit committee at a regional council works with the council’s internal auditors and management.

Figure 4E
Case study

Effective monitoring and reporting to an audit committee can help resolve outstanding audit recommendations in a timely manner

At each meeting, the audit committee of a regional council receives a comprehensive status report showing the number of audit recommendations that are unresolved. This includes recommendations made by the internal auditors on operational matters as well as those raised in the external financial audit.

The report breaks this information down by risk rating and compares it with previous periods. This allows the audit committee to quickly identify movements, recurring issues, and areas requiring attention.

Significant deficiencies are reported separately given their risk to council. A simple traffic-light system is used to highlight the level of effort required to resolve each deficiency, making it easy to see where management’s attention is needed.

Using clear and up-to-date information, the audit committee can challenge internal audit and management on the progress. Where appropriate, the committee helps identify practical solutions to remove obstacles.

By using consistent reporting, comparing progress over time, and focusing on high-risk items, the audit committee maintains strong oversight and ensures emerging risks and delays are identified early and addressed promptly.

Source: Queensland Audit Office.

Some councils do not have an audit committee function

At 30 June 2025, 13 councils (2023–24: 12 councils) do not have an audit committee.

In our reports of local government financial audits over the years, we have recommended that all local governments establish audit committees to help improve their oversight of governance and financial responsibilities.

What does internal audit do?

An internal audit function assesses operations and reviews governance, risk management, and control processes. Internal auditors evaluate risks and can assist in establishing strong fraud prevention measures by assessing the strengths and weaknesses of controls.

Not all councils have internal audit, and some use this function to provide support to the finance function

At 30 June 2025, 6 councils (2023–24: 6 councils) do not have an internal audit function.

As of 30 June 2025, 11 of the 71 councils that had an internal audit function use their internal auditors to provide support for their finance function. They post transactions in their councils’ accounting systems, prepare monthly management reports, and help with year-end process, which includes preparing position papers and financial statements. Due to the extent of their involvement in finance related functions, they are often unable to perform their internal audit role effectively as there is limited remaining time or they are unable to provide an objective view of finance processes.

Councils that do not have audit committees and/or internal audit functions have more unresolved significant deficiencies

Figure 4F shows that councils that do not have an audit committee and/or an internal audit function have a large number of unresolved significant deficiencies.

Figure 4F
Councils without an audit committee and/or internal audit function – and the proportion of unresolved significant deficiencies in these councils



Source: Queensland Audit Office.

Update on the internal controls of entities that missed the deadline for last year’s report

At the time we compiled *Local government 2024* (Report 13: 2024–25), 13 councils had not completed their financial statements by the legislative deadline.

Since then, 9 of these 13 councils have completed the financial statements. Our audit of these councils identified 19 new significant deficiencies and 16 new deficiencies in their internal control processes.

The 19 new significant deficiencies are as follows:

 Information systems	 Procurement and contract management	 Governance and risk management	 Other
<p>6 significant deficiencies covering user access for systems, system changes, and reporting.</p>	<p>5 significant deficiencies relating to councils not following procurement and contract management policies and recordkeeping.</p>	<p>3 significant deficiencies over governance and compliance with laws and regulations.</p>	<p>5 significant deficiencies covering month-end processes, not appropriately checking changes to vendors’ bank account details, or not appropriately billing and reporting revenue.</p>



5. Financial performance of councils

This chapter analyses the financial performance of local governments (councils), with emphasis on their financial sustainability. This is measured against the *Financial Management (Sustainability) Guideline (2024)*, issued by the Department of Local Government, Water and Volunteers (the department).

Chapter snapshot



As 14 councils did not meet their 31 October statutory reporting deadline, we have collated the financial information discussed in this chapter from the most recent certified financial statements available as of 31 October 2025.



Over the past 5 years, the sector's operating revenue matched its operating expenses. Operating revenue includes rates, fees, and federal funding

Over 5 years, revenue has grown by 44%, mostly from increased rates and grants, to meet increased costs of materials, supplies and employees

The variability of timing of federal funding over the past 4 years affects operating results. As a result, operating results should be assessed over time



Councils in tiers 5–8 have difficulties meeting their asset sustainability indicators



31% of the sector met all financial sustainability ratios

One council did not meet any of its financial sustainability ratios

Councils that are able to access key skills have better sustainability outcomes

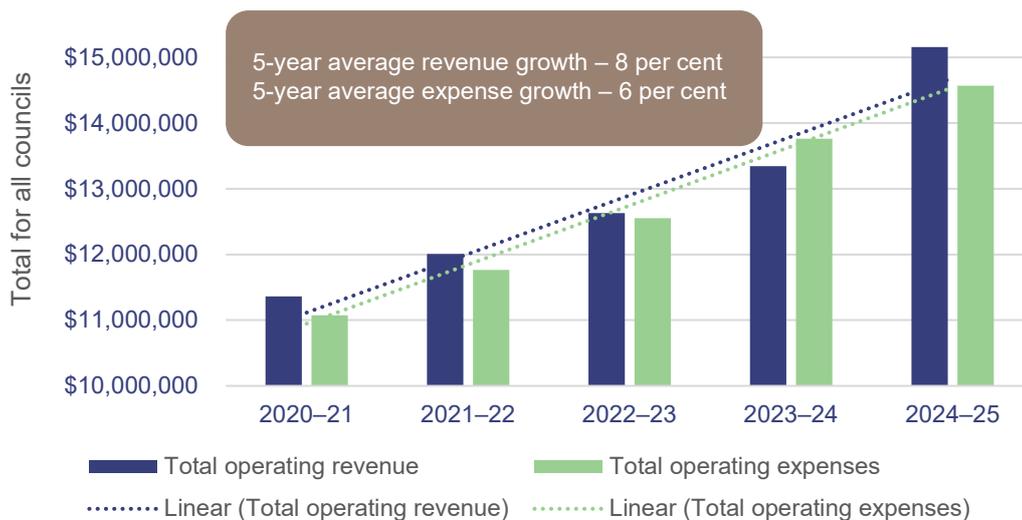


Financial performance of councils

In 2024–25, the 46 councils (60 per cent of the sector) reported operating surpluses, meaning they earned more revenue than they spent on their operations. This reversed the results from the prior year where the 61 councils reported operating deficits. A key driver for the improvement in 2024–25 was the timing of the receipt of the federal financial assistance grants, which increased council revenues. The impact of the timing and the quantum of financial assistance grants on the sector's performance is discussed further below.

In Figure 5A, we summarise the sector's financial performance over the last 5 financial years. It shows that the sector's operating revenues (revenue generated from its day-to-day operations, including grants received for operational purposes from the state and Australian government) were slightly higher than the operating expenses (expenditure incurred on its day-to-day operations).

Figure 5A
Sector’s financial performance in 2020–21 to 2024–25



Source: Compiled by the Queensland Audit Office, from councils’ certified financial statements available 31 October 2025.

Over the 5-year period, the sector’s yearly average operating revenue grew by 8 per cent. In the same period, the sector’s yearly average operating expenses grew by 6 per cent. This was driven by annual average increases in:

- rates, fees, and charges (primary revenue for the sector) by 6 per cent – resulting from population growth translating to higher revenue to council, combined with increases in council rates and charges determined by council through its annual budgeting process
- operating grants recognised in the financial statements (including financial assistance grants) by 27 per cent
- employee costs by 6 per cent – driven by increases in pay levels and a 2 per cent increase in the workforce
- materials and services cost by 8 per cent – resulting from higher cost of running council operations
- depreciation expense by 6 per cent – mostly driven by the increased value of council assets resulting from asset revaluations.

Results of councils’ financial sustainability measures

Several factors contribute to the sustainability outcomes for councils, including:

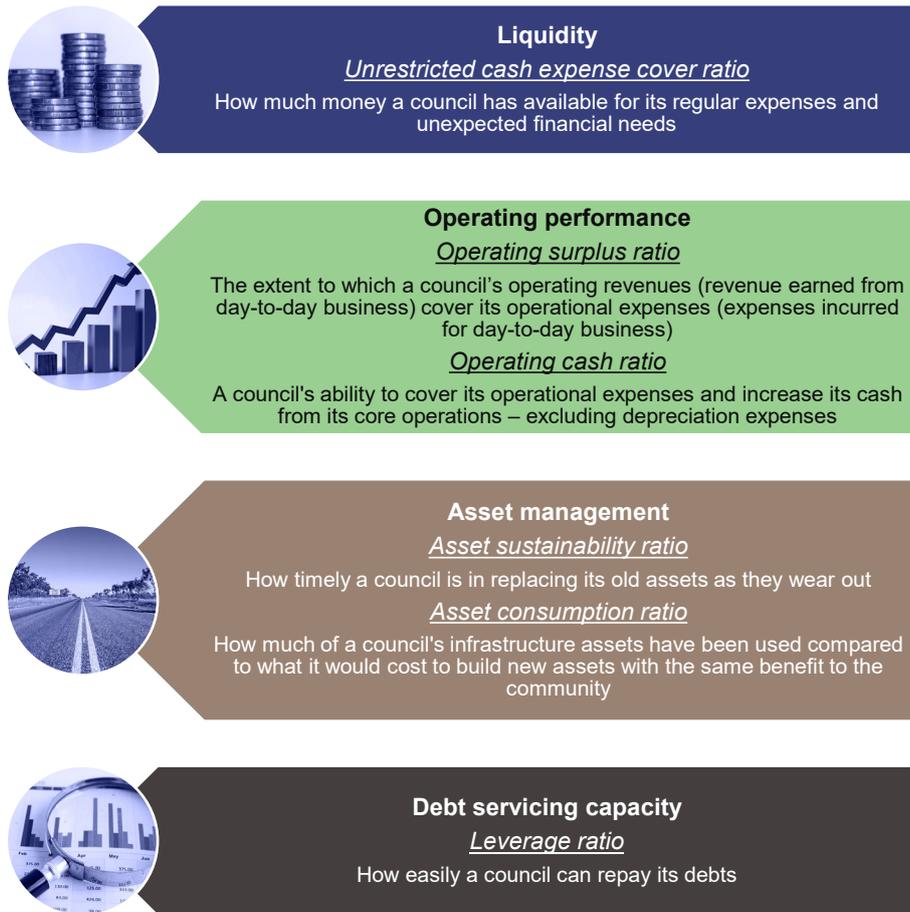
- increasing demands for services
- ageing infrastructure, which needs more maintenance
- rate and fee revenue, particularly in councils that are in tiers 5–8, has not kept pace with changing community needs and cost pressures.

Under the department’s *Financial Management (Sustainability) Guideline (2024)* (the sustainability guideline) introduced in the 2023–24 financial year, councils report on various ratios to measure their financial sustainability.

The sustainability guideline assigns a benchmark for each ratio, and it varies by what tier the council is categorised into. Figure 5B provides a summary of the ratios that councils report in their financial statements.



Figure 5B
Financial sustainability measures that council report in their financial statements



Source: Queensland Audit Office.

The sustainability guide recognises that performance of the sector should be assessed over the medium term and not based on council's ability to generate operating surplus (excess of operating revenue over operating expenses) in any one year. This is because there will be certain years when councils may receive more funding or spend more than planned due to unforeseen reasons.

When councils generate operating surpluses over a medium to long term, they are well placed to be financially sustainable in the long term.

For this reason the guide requires councils to report on the sustainability ratio using a 5-year average.

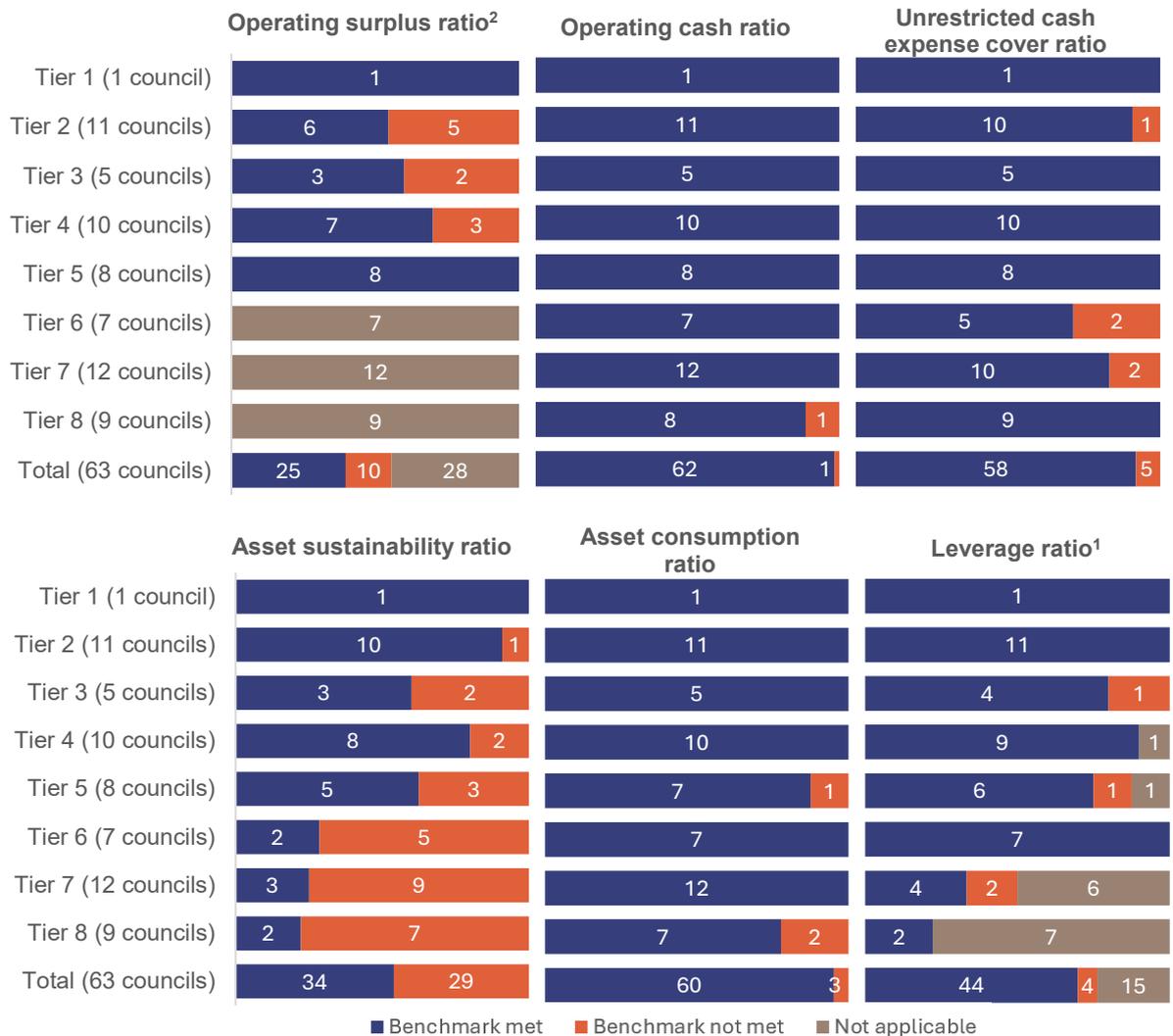
[Appendix K](#) provides a summary of the financial sustainability measures that councils must report on in their financial statements, along with guidance on how these are calculated.

Councils in tiers 5–8 are less able to meet their asset benchmarks

Financial sustainability ratios provide meaningful information to council executives and elected members in understanding their current levels of financial sustainability and how they plan for long-term sustainability in future years.

Figure 5C shows that most councils in tiers 5–8 have not met the asset sustainability ratio. This means that these councils have not replaced their assets as they wear out. The councils typically do not have the ability to generate much in the form of own source revenue and are reliant on funding from the state or Australian Government to assist with replacing their assets.

Figure 5C
Number of councils that have met or not met their financial sustainability measures based on a 5-year average* for the year – by tier



Notes:

The above table does not include 14 councils that had not completed their financial statements by the 31 October 2025 statutory deadline.

¹ Only applicable for councils that have borrowings.

² Councils in tiers 6–8 do not have a benchmark for measuring their operating surplus ratios.

* The ratios above compared to benchmark is based on 5-year average, except for the unrestricted cash expense cover ratio that is measured at 30 June 2025, as required under the department’s sustainability guideline.

Source: Compiled by the Queensland Audit Office, from councils’ certified financial statements available 31 October 2025.

Attracting and retaining staff supports sustainability outcomes

The councils that face sustainability challenges also often have difficulties in attracting and retaining appropriately qualified staff, meaning they are reliant on consultants and contractors to deliver their day-to-day operations.

Filling the gap by using consultants and contractors can be more expensive than employing staff and does not support the building of capability to undertake the work in the long term.



An alternate solution is to work collaboratively with other councils by sharing staff and their capabilities, for example:



sharing technical resources or functional roles, such as accounting, financial management, information technology, project management, and governance or payroll and accounts payable functions. This could streamline processes, promote consistency and efficiency, and achieve better value for money.



working together on regional initiatives, including major event planning. This would enable councils to pool knowledge, avoid duplication, and deliver infrastructure and services more efficiently.

These collaborative approaches would support more resilient operations and help councils manage financial and service delivery pressures over the long term.

We are currently undertaking a performance audit on improving sustainability in local government, in accordance with our *Forward work plan 2025–28*. It will focus on how the department is monitoring the long-term sustainability of councils and helping them to improve.

Variability in the timing of financial assistance grants should be adjusted in performance assessments

All local governments receive grants – known as financial assistance (FA) grants – from the Australian Government, for their day-to-day operations. These grants supplement the revenues of councils and form a substantial part of the sector's funding.

The FA grants are provided to councils to help fund essential, day-to-day operations and capital projects. These grants are essential for councils across Australia to provide the required level of services to their community and hence considered as operating revenue for councils.

The FA grants are allocated to each council based on a determination by the Grants Commission – an independent body appointed by the Governor of Queensland.

The total amount of funding and the timing of the payment is determined by the Australian Government, and the Queensland Government distributes the grants when the payment is paid.

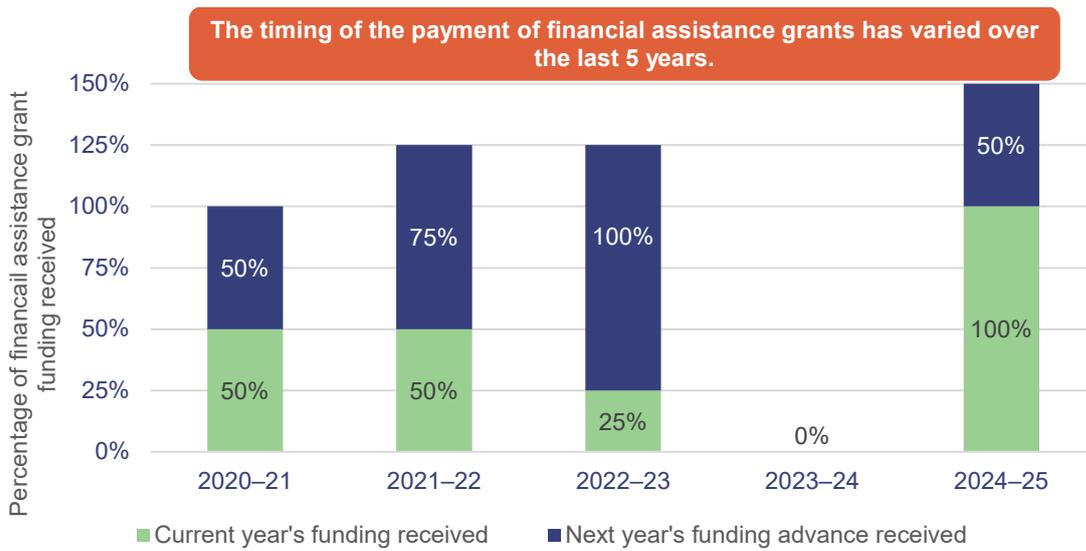
Under the Australian accounting standards, these grants are considered as 'untied' – meaning councils are free to spend them for any purpose. As such, they are recognised as revenue in the year in which they are received.

Changes in the timing of the payment of these grants have affected the sector's performance over the past 5 years. Until 2021–22, councils typically received 50 per cent of their FA grants in advance and the remaining 50 per cent in arrears.

The payment pattern changed in 2021–22. As a result, certainty over how much funding councils receive in a given financial year has become heavily dependent on the timing of payments.

In Figure 5D, we show the per cent of FA grants received by the sector each year over the past 5 years.

Figure 5D
Proportion of advance funding of financial assistance grants received by councils each year



Source: Queensland Audit Office.

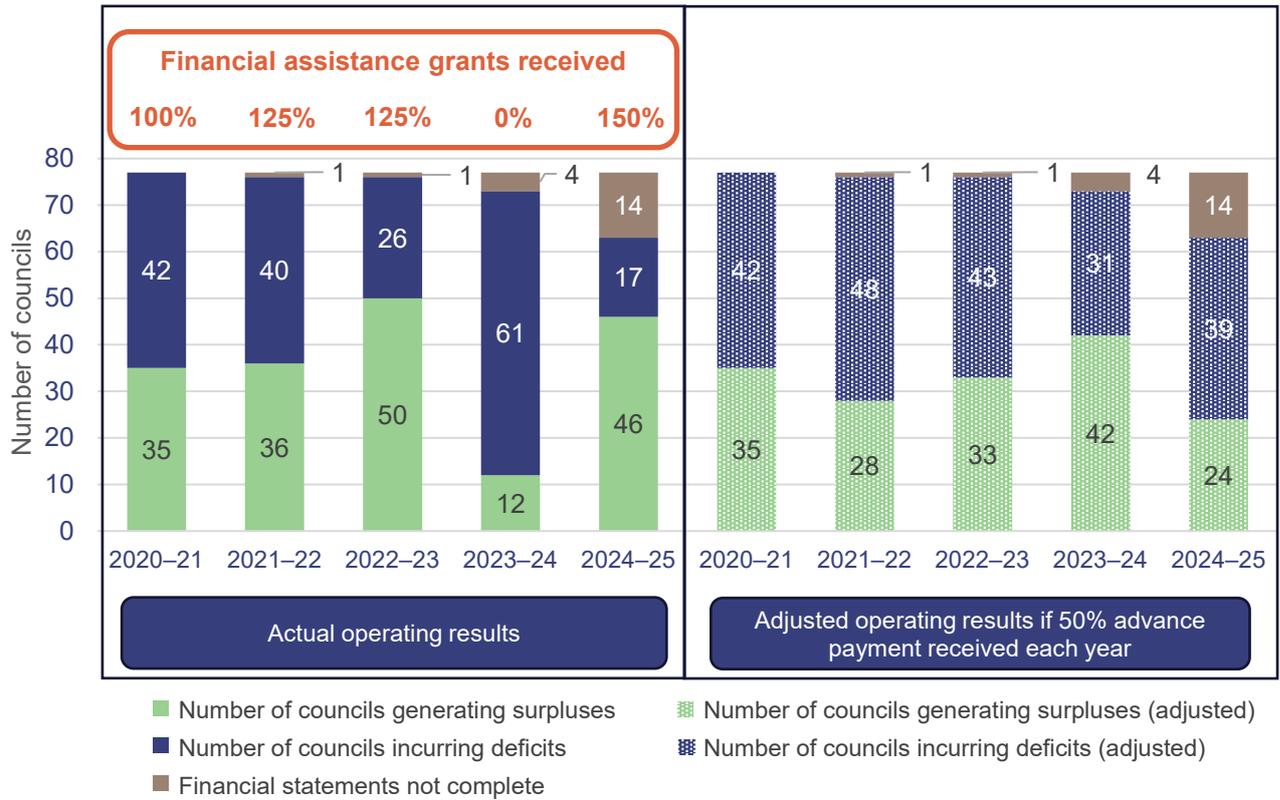
In the 2021–22 and 2022–23 financial years, councils received 125 per cent of their FA grants entitlement. In 2023–24, they did not receive any FA grant funding, as the full amount had already been paid in 2022–23, and no advance payment was made for 2024–25.

This year, councils received their full entitlement for 2024–25, along with an additional 50 per cent advance payment for 2025–26. This is in line with the historical practice of providing 50 per cent advance funding.

Figure 5E shows councils' actual reported results compared to what their result would have been if they had consistently received 50 per cent of the FA grant funding in advance.



Figure 5E
Sector’s actual operating results vs performance if 50 per cent advance payment of financial assistance grants were received each year – 2020–21 to 2024–25



Note: Adjusted results represent councils’ operating results excluding any payment of the financial assistance grant.

Source: Queensland Audit Office.

Councils spend a large proportion of their budgets on assets

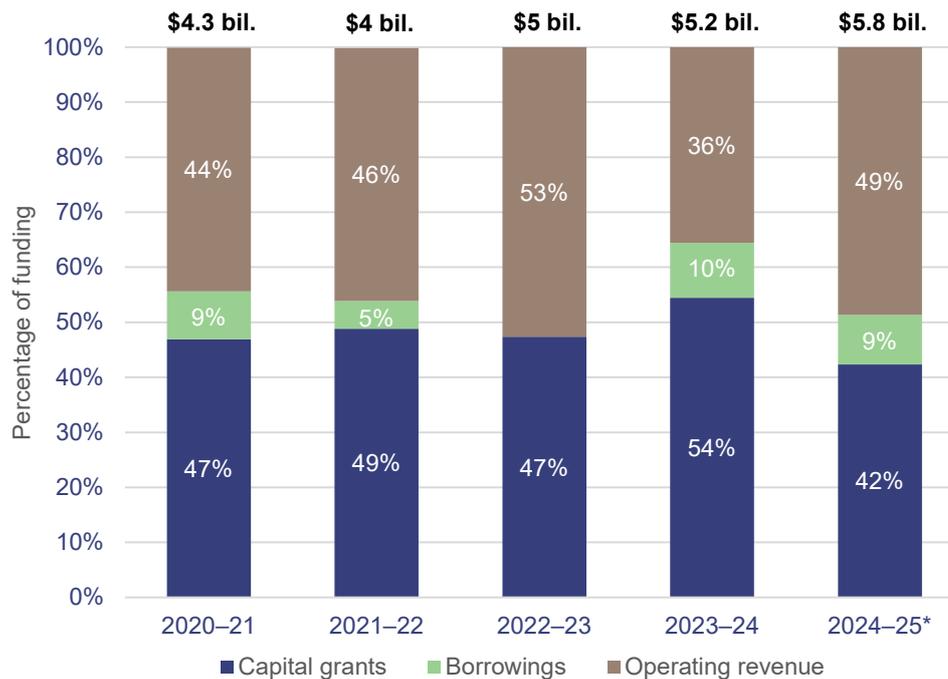
In 2024–25, the sector spent \$5.8 billion (2023–24: \$5.2 billion) on its assets – an increase of 11 per cent from the previous year. They spend money on maintaining existing assets and building new ones for their community.

The increases in councils’ overall expenditure on assets are largely driven by increases in the costs of labour for constructing or renewing assets. When compared to the total value of community assets, councils’ spending has remained proportionate at just over 3 per cent per year for the past 3 years.

The spending is funded through grants, operating revenue, and borrowings as shown in Figure 5F.



Figure 5F
Funding for spending on community assets



Note: * For 2024–25, we have included the financial information of 14 councils using their last available certified financial statements, as they had not completed their 2024–25 financial statements by the 31 October statutory deadline.

Source: Compiled by the Queensland Audit Office, from councils' certified financial statements available as of 31 October 2025.

The asset consumption ratio is important in maintaining assets

As stated in Figure 5A, the asset consumption ratio (ACR) measures how much of an asset has been consumed/used by council. It measures the current value of a council's assets relative to what it would cost to build new assets with the same benefit to the community.

This ratio is particularly beneficial to councils as it provides:

- an indication of how much of the asset's life is left to be consumed
- information to determine if they are spending enough on asset renewal
- a basis for setting realistic budgets for asset maintenance and replacement
- a measure to help elected members, key decision-makers (such as chief executive officers), and the community to understand the state of critical infrastructure and the financial planning behind it.

Importance of measuring asset consumption ratio by asset classes

The department's sustainability framework currently requires councils to measure and report the ACR as a combined ratio for all asset types. However, the ACR becomes a useful measure only if it is analysed for each asset class (for example, by road assets or water assets).

This is particularly relevant for road assets. Severe rain events or natural disasters mean road assets are often renewed using disaster recovery funding. As a result, road assets are generally maintained to a high standard and when combined with the other asset classes, they can skew a council's overall ACR. This could potentially give a misleading picture of the condition of the council's assets.

We identified this in *Local government 2024* (Report: 13: 2024–25), when we explained that 35 councils' water infrastructure assets had an ACR that was below the benchmark as required under the department's sustainability framework. This year, the number of councils below the benchmark decreased to 29 councils.



Opportunities for councils – monitor the asset consumption ratio (ACR) by asset class for better insights on asset condition and replacement time frames

In our report, *Local government 2024* (Report: 13: 2024–25), we made a recommendation to the department to consider amending the sustainability framework so councils have to measure and report the ACR for each asset. This would provide more meaningful information on the sector's asset condition and help with good decision-making.

Until the department makes this change, councils are encouraged to measure and manage their ACR at an asset class level.



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A. Entity responses

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 Local Government, Water and Volunteers.

We also provided a copy of the report to the following entities and gave them the option of providing a response:

- Minister for Local Government and Water and Minister for Fire, Disaster Recovery and Volunteers
- mayors and chief executive officers of all 77 councils
- Premier and Minister for Veterans
- Director-General, Department of the Premier and Cabinet.

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 Minister for Local Government and Water and Minister for Fire, Disaster Recovery and Volunteers

Minister for Local Government
and Water and Minister for Fire,
Disaster Recovery and Volunteers

DELIVERING
FOR QUEENSLAND

 Queensland
Government

Our ref: CTS 03027/26

12 MAR 2026

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Dear Ms Vagg

Thank you for your email of 17 February 2026 regarding the draft report to Parliament titled Local Government 2025 (the draft report) and for providing the Department of Local Government, Water and Volunteers (the department), with an opportunity to review the draft report. I note you also provided a copy of the draft report to the department's Director-General.

I recognise ongoing sector risks, including limited access to skilled staff can affect financial reporting quality and delay audits. Fraud remains a concern highlighting the importance of council's having strong internal processes and controls.

I note you made one recommendation for councils this year:

Recommendation 1: Assess the termination clauses included in executive contracts to ensure they are appropriate.

The department supports this recommendation for councils and will write to each council to emphasise the importance of implementing it once the final report has been tabled.

Regarding the recommendation for the department, I provide the following comments:

Recommendation 1: Develop guidance material on executive contracts for local governments.

The department supports this recommendation in-principle, noting that section 194 of the *Local Government Act 2009* empowers councils to appoint an appropriately qualified Chief Executive Officer (CEO) and determine the CEO's conditions of employment.

The department has developed guidance materials to support councils in the recruitment and performance oversight of CEOs in conjunction with the Local Government Managers Australia and in consultation with the Local Government Association of Queensland. This guidance material brings together good-practice principles along with practical examples and checklists and is published on the department's online portal, LG Central.

I also note the two department recommendations from previous reports identified as not implemented. I am advised that the department is working towards progressing these outstanding actions and will continue to engage with the Queensland Audit Office through regular updates.

If you have any questions, please contact [REDACTED]

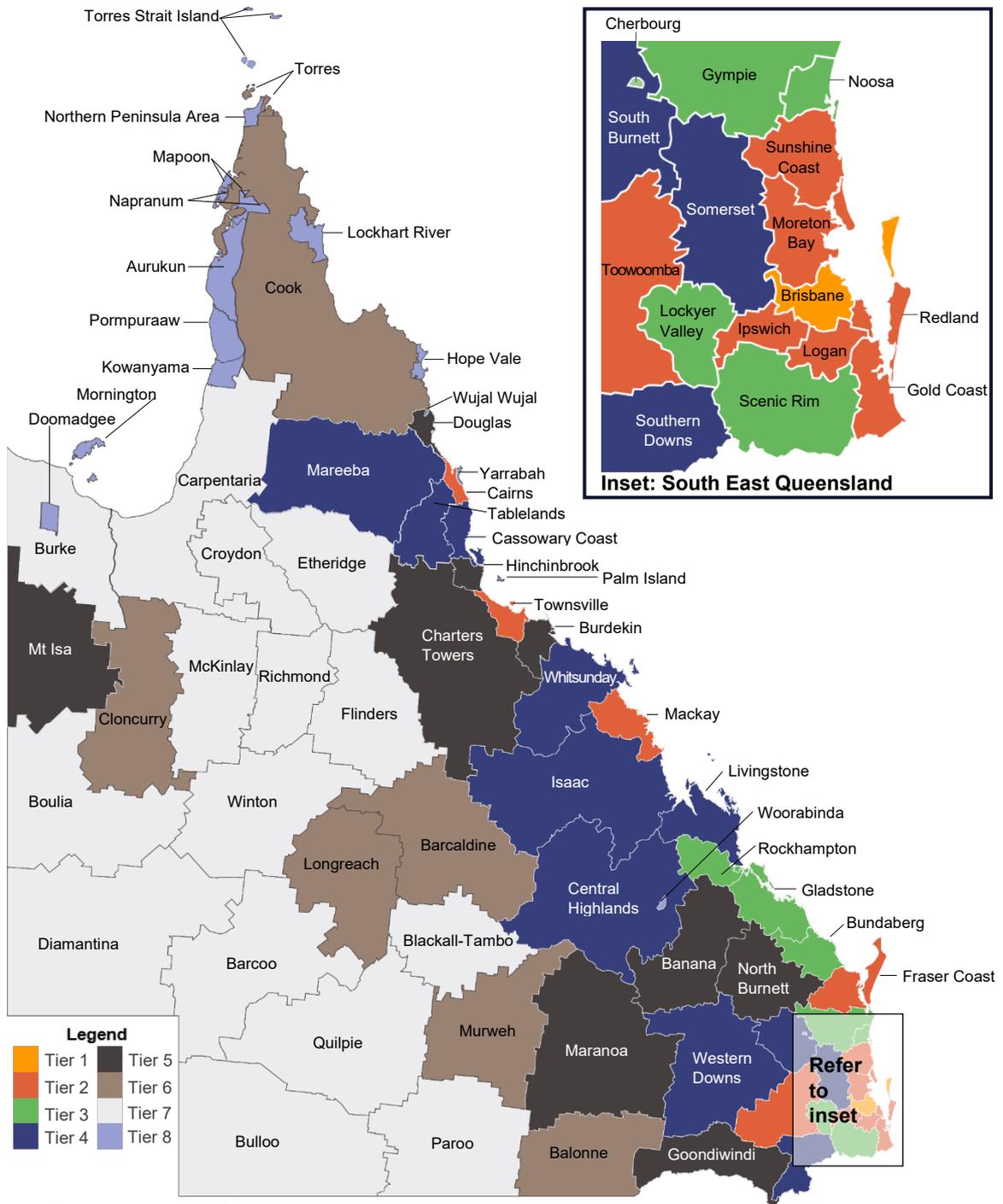
Yours sincerely



ANN LEAHY MP
Minister for Local Government and Water
Minister for Fire, Disaster Recovery and Volunteers

Auditor-General's response: We recognise the work undertaken by the department to provide guidance to councils on the processes to recruit and oversight the performance of council chief executive officers (CEOs). This guidance, developed and released to councils in February 2026, should be supplemented with further advice on determining contractual terms and conditions for CEOs or other executives in line with our recommendation.

B. Local governments by tier



Source: Queensland Audit Office.



C. How we prepared this report

Queensland Audit Office reports to parliament

The Queensland Audit Office (QAO) is Queensland's independent auditor of public sector entities and local governments.

QAO's independent public reporting is an important part of our mandate. It brings transparency and accountability to public sector performance and forms a vital part of the overall integrity of the system of government.

QAO provides valued assurance, insights and advice, and recommendations for improvement via the reports it tables in the Legislative Assembly, as mandated by the *Auditor-General Act 2009*. These reports may be on the results of our financial audits, on the results of our performance audits, or on our insights. Our insights reports may provide key facts or a topic overview, the insights we have gleaned from across our audit work, the outcomes of an investigation we conducted following a request for audit, or an update on the status of Auditor-General recommendations.

We share our planned reports to parliament in our 3-year forward work plan, which we update annually: www.qao.qld.gov.au/audit-program.

A fact sheet on how we prepare, consult on, and table our reports to parliament is available on our website: www.qao.qld.gov.au/reports-resources/fact-sheets.

About this report

QAO prepares its reports on the results of financial audits under the *Auditor-General Act 2009*:

- section 60, which outlines the Auditor-General must prepare a report to the Legislative Assembly on each audit conducted of a public sector entity
- section 62, which outlines the Auditor-General may combine reports on any 2 or more audits
- section 63, which outlines the discretion the Auditor-General has for reporting to parliament.

This report summarises the audit results of Queensland's local government entities, also known as councils. They are the first line of connection to our communities, providing Queenslanders with a wide range of services such as roads, water and waste, libraries, and parks. To help deliver their corporate objectives and services to the public, some create council-related entities, for example in the pastoral, property services, and arts sectors.

Through our financial audit program, we form opinions about the reliability of local government financial statements. These audits are conducted in accordance with the Auditor-General Auditing Standards and comply with the relevant standards issued by the Australian Auditing and Assurance Standards Board.

The information and insights highlighted in this report to parliament are the result of our annual financial audits of these entities.

What we cover

Through our financial audit program, we form opinions about the reliability of entity financial statements. QAO completes these audits under the related Auditing and Assurance Standards Board standards. Each respective entity publishes our audit opinions in their annual report.

Our financial audit reports to parliament provide the results of our audits and assess the quality and effectiveness of internal controls. They also consider public sector-specific risks. These include the probity of matters associated with entity stewardship; propriety of administrative decisions; acts or omissions that give rise to a waste of public resources; and compliance with relevant Acts, regulations, and policies.



This report highlights key insights and information from across our work. It discusses the financial audit results of local government entities and considers the challenges faced by the sector.

Entities included in this report

- 77 local governments
- 86 council-related entities

Refer to [Appendix F](#) for the names of the above entities.

Our approach

This report has been prepared in accordance with the Auditor-General Auditing Standards.

In this report, we present our graphs with comparative data going back to either 2020 or 2024 (2 to 6 years) to show the relevant movements where appropriate.

We used information available at the 31 October statutory reporting date to prepare our report

We have compiled this report using information available at the 31 October 2025 statutory reporting date. In the following paragraphs, we summarise how we applied this cut-off date for available information.

Final information from councils' financial statements

We have collated the financial information throughout this report using one of the following:

- councils' 2024–25 certified financial reports, if they were certified by 31 October 2025
- councils' most recently certified financial reports, if their 2024–25 reports were not certified by 31 October 2025.

Ratios measuring the financial sustainability of councils

We explain the ratios used to measure the financial sustainability of councils in [Appendix K](#).

We have used the same approach for financial sustainability ratios as for financial information. If councils' 2024–25 certified financial reports were available as of 31 October 2025, we have used this information.

Otherwise, we have used their most recently certified financial report available at that date.

Where ratios are calculated using a 5-year average, we have used the average of the most recent 5 years that were certified as of 31 October 2025.

Internal control weaknesses

This report and [Appendix J](#) only include internal control weaknesses reported to councils by 31 October 2025.

Often, councils that do not have their financial statements certified by 31 October have higher numbers of internal control weaknesses, so we expect the total number of weaknesses to increase when these councils have their financial statements certified.

In next year's local government report, we will report on any further internal control weaknesses communicated to councils from 1 November 2025 that relate to our 2024–25 audits.



D. Legislative context

Frameworks

Under the *Constitution of Queensland 2001*, there must be a system of local government in Queensland that is made up of councils. Local governments (councils) are elected bodies that have the power to make local laws suitable to the needs and resources of the areas they represent.

The councils' legislative framework is the *Local Government Act 2009* (the Act) and the Local Government Regulation 2012 (the regulation).

The purpose of the Act is to specify the nature and extent of councils' responsibilities and powers. It requires the system of local government to be accountable, effective, efficient, and sustainable.

The regulation requires each council to prepare, by 31 October:

- general purpose financial statements
- a current year financial sustainability statement
- a long-term financial sustainability statement.

Only the general purpose financial statements and the current year financial sustainability statement are subject to audit.

Brisbane City Council has the *City of Brisbane Act 2010* and City of Brisbane Regulation 2012. This regulation imposes the same financial reporting time frames and financial reporting requirements on Brisbane City Council as other councils have.

Each council must release its annual report within one month of the audit opinion date. The Minister for Local Government, Water and Volunteers may grant an extension to the deadline where extraordinary circumstances exist.

The current year financial sustainability statement includes the following 6 measures of financial sustainability:

- the *operating surplus ratio*, which indicates the extent to which operating revenues cover operating expenses
- the *operating cash ratio*, which indicates council's ability to cover its operational expenses and increase its cash from its core operations
- the *unrestricted cash expense cover ratio*, which indicates how much money a council has available for its regular expenses and unexpected financial needs
- the *asset sustainability ratio*, which approximates the extent to which a council is replacing its assets as they reach the end of their useful lives
- the *asset consumption ratio*, which indicates how much of a council's infrastructure assets has been used compared to what it would cost to build new assets with the same benefit to the community
- the *leverage ratio*, which indicates how easily a council can repay its debts.

Accountability requirements

The Act requires councils to establish financial management systems to identify and manage financial risks, including risks to reliable and timely reporting. Councils need to regularly review the performance of their financial management systems.



Queensland local government financial statements

These financial statements are used by a broad range of parties, including parliamentarians, taxpayers, employees, and users of government services. For the statements to be useful, the information reported must be relevant and accurate.

The Auditor-General's audit opinion on these financial statements assures users they are accurate and in accordance with relevant legislative requirements.

We express an *unmodified opinion* when the financial statements are prepared in accordance with the relevant legislative requirements and Australian accounting standards. We *modify* our audit opinion when financial statements do not comply with the relevant legislative requirements and Australian accounting standards and are not accurate and reliable.

There are 3 types of modified opinions:

- qualified opinion – the financial statements as a whole comply with relevant accounting standards and legislative requirements, with the exceptions noted in the opinion
- adverse opinion – the financial statements as a whole do not comply with relevant accounting standards and legislative requirements
- disclaimer of opinion – the auditor is unable to express an opinion as to whether the financial statements comply with relevant accounting standards and legislative requirements.

Sometimes we include an *emphasis of matter* in our audit reports to highlight an issue that will help users better understand the financial statements. It does not change the audit opinion.



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.

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 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>

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 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>

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 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>

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 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
REC 4	<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
REC 5	<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
REC 6	<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



F. Audit opinions for entities preparing financial reports

The following figures detail the types of audit opinions we have issued, in accordance with Australian auditing standards, for the 2024–25 financial year.

Figure F1
Our audit opinions for local government sector financial reports for 2024–25

Entity	Date opinion issued	Financial statement opinion	Current year sustainability statement opinion ¹	Ministerial extension issued to date ²
Opinion key:				
U = unmodified; Q = qualified; E = emphasis of matter. (Refer to Appendix C for definitions of these terms.)				
Councils and their controlled entities				
Aurukun Shire Council	05.11.2025 ⁴	U	E*	-
Balonne Shire Council	14.10.2025	U	E*	-
Banana Shire Council	31.10.2025	U	E*	-
Barcaldine Regional Council	31.10.2025	U	E*	-
Barcoo Shire Council	18.02.2026	U	E*	30.01.2026
Blackall-Tambo Regional Council	31.10.2025	U	E*	-
Boulia Shire Council	Not complete	-	-	31.03.2026
Brisbane City Council	18.08.2025	U	E*	-
• Allara SPV Trust	31.07.2025	E*	-	-
• Brisbane City Council Appeal for the Lord Mayor's Charitable Trust	12.09.2025	E*	-	-
• Brisbane Economic Development Agency Pty Ltd	15.10.2025	U	-	-
• Brisbane Powerhouse Foundation	17.10.2025	U	-	-
• Brisbane Powerhouse Pty Ltd	17.10.2025	U	-	-
• Brisbane Sustainability Agency Pty Ltd	22.09.2025	U	-	-
• City of Brisbane Investment Corporation Pty Ltd	31.07.2025	U	-	-
• City Parklands Services Pty Ltd	26.09.2025	U	-	-
• CBIC Kingston Pty Ltd	31.07.2025	E*	-	-
• CBIC Valley Heart Pty Ltd	31.07.2025	E*	-	-
• CBIC Reservoir Pty Ltd	31.07.2025	E*	-	-
• Museum of Brisbane Pty Ltd	03.10.2025	U	-	-
• Museum of Brisbane Trust	03.10.2025	E*	-	-
• TradeCoast Land Pty Ltd	Not complete	-	-	-
Bulloo Shire Council	16.10.2025	U	E*	-
Bundaberg Regional Council	17.10.2025	U	E*	-
Burdekin Shire Council	08.09.2025	U	E*	-
Burke Shire Council	29.10.2025	U	E*	-
Cairns Regional Council	19.09.2025	U	E*	-

Entity	Date opinion issued	Financial statement opinion	Current year sustainability statement opinion ¹	Ministerial extension issued to date ²
• Cairns Art Gallery Limited	14.11.2025	U	-	-
Carpentaria Shire Council	27.10.2025	U	E*	-
Cassowary Coast Regional Council	14.10.2025	U	E*	-
Central Highlands Regional Council	29.10.2025	U	E*	-
• Central Highlands Development Corporation Ltd	28.10.2025	U	-	-
Charters Towers Regional Council	09.10.2025	U	E*	-
Cherbourg Aboriginal Shire Council	13.10.2025	U	E*	-
Cloncurry Shire Council	31.10.2025	U	E*	-
Cook Shire Council	31.10.2025	U	E*	-
Council of the City of Gold Coast	25.09.2025	U	E*	-
• HOTA Gold Coast Pty Ltd	28.08.2025	U	-	-
• Experience Gold Coast Pty Ltd	28.08.2025	U	-	-
• Invest Gold Coast Pty Ltd	21.08.2025	U	-	-
• Brand Gold Coast Pty Ltd	02.09.2025	U	-	-
• Gold Coast Tourism Corporation Ltd	28.08.2025	U	-	-
Croydon Shire Council	27.10.2025	U	E*	-
Diamantina Shire Council	31.10.2025	U	E*	-
Doomadgee Aboriginal Shire Council	31.10.2025	U	E*	-
Douglas Shire Council	15.10.2025	U	E*	-
Etheridge Shire Council	20.10.2025	U	E*	-
Flinders Shire Council	21.10.2025	U	E*	-
Fraser Coast Regional Council	26.09.2025	U	E*	-
• Fraser Coast Tourism & Events Ltd	12.12.2025	U	-	-
Gladstone Regional Council	24.10.2025	U	E*	-
• Gladstone Airport Corporation	20.10.2025	U	-	-
Goondiwindi Regional Council	29.08.2025	U	E*	-
Gympie Regional Council	Not complete	-	-	30.03.2026
Hinchinbrook Shire Council	30.01.2026	U	E*	30.01.2026
Hope Vale Aboriginal Shire Council	01.08.2025	U	E*	-
Ipswich City Council	15.10.2025	U	E*	-
• Ipswich Arts Foundation Trust	Not complete	-	-	-
Isaac Regional Council	16.10.2025	U	E*	-
• Isaac Affordable Housing Fund Pty Ltd	Not complete	-	-	-
• Isaac Affordable Housing Trust	Not complete	-	-	-
• Moranbah Early Learning Centre Pty Ltd	Not complete	-	-	-
Kowanyama Aboriginal Shire Council	02.10.2025	U	E*	-
Livingstone Shire Council	15.10.2025	U	E*	-
Lockhart River Aboriginal Shire Council	31.10.2025	U	E*	-
• Lockhart River Aerodrome Company Pty Ltd	31.10.2025	U	-	-
Lockyer Valley Regional Council	13.10.2025	U	E*	-

Entity	Date opinion issued	Financial statement opinion	Current year sustainability statement opinion ¹	Ministerial extension issued to date ²
Logan City Council	15.09.2025	U	E*	-
• Underwood Innovation Lab Pty Ltd	20.10.2025	E*	-	-
Longreach Regional Council	24.10.2025	U	E*	-
Mackay Regional Council	15.10.2025	U	E*	-
Mapoon Aboriginal Shire Council	31.10.2025	U	E*	-
Maranoa Regional Council	16.10.2025	U	E*	-
Mareeba Shire Council	02.10.2025	U	E*	-
McKinlay Shire Council	31.10.2025	U	E*	-
Moreton Bay City Council	09.10.2025	U	E*	-
Mornington Shire Council	Not complete	-	-	31.03.2026
Mount Isa City Council	27.10.2025	U	E*	-
• Mount Isa City Council Owned Enterprises Pty Ltd	27.10.2025	U	-	-
Murweh Shire Council	29.10.2025	U	E*	-
Napranum Aboriginal Shire Council	30.10.2025	U	E*	-
Noosa Shire Council	21.01.2025	U	E*	31.01.2026
North Burnett Regional Council	17.10.2025	U	E*	-
Northern Peninsula Area Regional Council	Not complete	-	-	30.04.2026
Palm Island Aboriginal Shire Council	Not complete	-	-	30.06.2026
Paroo Shire Council	23.10.2025	U	E*	-
Pompuraaw Aboriginal Shire Council	04.09.2025	U	E*	-
Quilpie Shire Council	08.10.2025	U	E*	-
Redland City Council	10.10.2025	U	E*	-
• Redland Investment Corporation Pty Ltd	29.09.2025	U	-	-
Richmond Shire Council	28.11.2025	U	E*	11.12.2025
• The Kronosaurus Korner Board Inc	Not complete	-	-	-
Rockhampton Regional Council	13.10.2025	U	E*	-
Scenic Rim Regional Council	10.10.2025	U	E*	-
Somerset Regional Council	24.11.2025	U	E*	28.11.2025
South Burnett Regional Council	15.10.2025	U	E*	-
• South Burnett Community Hospital Foundation Limited	22.10.2025	U	-	-
Southern Downs Regional Council	30.10.2025	U	E*	-
Sunshine Coast Regional Council	27.10.2025	U	E*	-
• SunCentral Maroochydore Pty Ltd	26.09.2025	U	-	-
• Sunshine Coast Arts Foundation Ltd	24.09.2025	U	-	-
• Sunshine Coast Events Centre Pty Ltd	25.09.2025	E*	-	-
Tablelands Regional Council	31.10.2025	U	E*	-
Toowoomba Regional Council	29.09.2025	U	E*	-
• Empire Theatres Foundation	27.01.2026	E ⁵	-	-
• Empire Theatres Pty Ltd	27.01.2026	E ⁵	-	-
• Toowoomba and Surat Basin Enterprise Pty Ltd	27.10.2025	U	-	-

Entity	Date opinion issued	Financial statement opinion	Current year sustainability statement opinion ¹	Ministerial extension issued to date ²
Torres Shire Council	31.10.2025	U	E*	-
Torres Strait Island Regional Council ⁴	01.12.2025	U	E*	30.11.2026
Townsville City Council	31.10.2025	U	E*	-
• NQ Spark Ptd Ltd	Not complete	-	-	-
• North Rail Yard Developments Pty Ltd	Not complete	-	-	-
Western Downs Regional Council	30.10.2025	U	E*	-
Whitsunday Regional Council	18.09.2025	U	E*	-
Winton Shire Council	24.10.2025	U	E*	-
• Waltzing Matilda Centre Ltd	24.10.2025	U	-	-
Woorabinda Aboriginal Shire Council	Not complete	-	-	30.05.2026
• Woorabinda Pastoral Company Pty Ltd	Not complete	-	-	-
Wujal Wujal Aboriginal Shire Council	Not complete	-	-	31.07.2026
Yarrabah Aboriginal Shire Council	29.10.2025	U	E*	-
By-arrangement audits³				
City of Logan Mayor's Charity Trust	15.09.2025	E*	-	-
The Josephine Ulrick and Win Schubert Foundation for the Arts	10.12.2025	E*	-	-

Notes:

* We issued an emphasis of matter to alert users of the statements to the fact that special purpose financial statements had been prepared.

¹ Only councils prepare sustainability statements (not local government-related entities).

² Ministerial extensions may only be obtained for councils (not local government-related entities).

³ If asked by a minister or public sector entity, and if the Auditor-General considers there is public interest, a financial audit of non-public sector entities may be performed 'by arrangement'.

⁴ Council did not seek ministerial extension for not signing within statutory deadline.

⁵ We included an emphasis of matter in our audit opinion for Empire Theatres Pty Ltd and Empire Theatres Foundation due to an alleged fraud.

Source: Queensland Audit Office.



The following figure details the types of audit opinions we issued in accordance with Australian auditing standards for the 2024–25 financial year, for jointly controlled entities (entities controlled by multiple councils and/or other public sector entities).

Figure F2
Our audit opinions for jointly controlled entities' financial reports for 2024–25

Entity	Date audit opinion issued	Type of audit opinion issued
Opinion key:		
U = unmodified; Q = qualified; E = emphasis of matter. (Refer to Appendix C for definitions of these terms.)		
Central Western Queensland Remote Area Planning and Development Board (RAPAD)	02.12.2025	E*
Council of Mayors (SEQ) Pty Ltd	Not complete	-
Greenovate Pty Ltd	11.09.2025	U
Local Government Association of Queensland Ltd		
• Local Buy Trading Trust	07.10.2025	Q ¹
• Peak Services Legal Pty Ltd	02.10.2025	E ²
• Peak Services Holdings Pty Ltd	07.10.2025	U
• Peak Services Pty Ltd	07.10.2025	U
Major Brisbane Festivals Pty Ltd ³	Not complete	-
Queensland Local Government Mutual Liability Pool (LGM Queensland)	03.12.2025	U
Queensland Local Government Workers Compensation Self-Insurance Scheme (trading as Local Government Workcare)	03.12.2025	U
SEQ Regional Recreational Facilities Pty Ltd	Not complete	-
Townsville Breakwater Entertainment Centre Joint Venture	30.10.2025	E*,E ⁴

Notes:

* We issued an emphasis of matter to alert users of the statements to the fact that special purpose financial statements had been prepared.

¹ We qualified our audit opinion for Local Buy Trading Trust because it was unable to provide us with enough evidence to confirm its revenue was complete. We also qualified our 2023–24 audit opinion for the same reason.

² We included an emphasis of matter in our audit opinion for Peak Services Legal Pty Ltd to alert users of the financial statements of the entity's financial dependence on its ultimate parent, the Local Government Association of Queensland Ltd.

³ The financial year of Major Brisbane Festivals Pty Ltd was 1 January 2025 to 31 December 2025. The 2025 audit opinion has therefore not yet been issued.

⁴ We included an emphasis of matter in our audit report for Townsville Breakwater Entertainment Centre Joint Venture to highlight the net loss made by the entity.

Source: Queensland Audit Office.

G. Entities exempt from audit by the Auditor-General

We will not issue opinions on several entities because they are exempt from audit by the Auditor-General. These audits are performed by other organisations. The following table lists the entities, grouped by the reasons for the exemptions.

Figure G1
Entities exempt from audit by the Auditor-General

Entity	Audit firm who performs the audit	Date opinion issued	Opinion
Opinion key: U = unmodified; Q = qualified; E = emphasis of matter. (Refer to Appendix C for definitions of these terms.)			
Exempt local government entities – small in size and of low risk (s. 30A of the Auditor-General Act 2009)			
Central Queensland Regional Organisation of Councils Limited	Evans Edwards & Associates Pty Ltd	12.11.2025	E*
Drive Inland Promotions Association Inc	KBP Audit Services	08.12.2025	E*
Far North Queensland Regional Organisation of Councils	Jessups	02.10.2025	E*
Gulf Savannah Development Inc	SBB Partners	13.11.2025	E*
North West Queensland Regional Organisation of Councils	SBB Partners	05.08.2025	E*
Regional Queensland Council of Mayors Inc ¹	SBB Partners	Not complete	-
South West Queensland Regional Organisation of Councils	UHY Haines Norton	19.12.2025	E*
Torres Cape Indigenous Council Alliance (TCICA) Inc	Grant Thornton Audit Pty Ltd	12.11.2025	E*
Whitsunday ROC Limited ²	SBB Partners	Not complete	-
Wide Bay Burnett Regional Organisation of Councils Inc	Ulton	18.11.2025	E*
Exempt local government entities – foreign-based controlled entities (s. 32 of the Auditor-General Act 2009)			
Gold Coast City Council Insurance Company Limited	PricewaterhouseCoopers CI LLP	09.09.2025	E*

Notes:

* An emphasis of matter was issued to alert users of the statements to the fact that special purpose financial statements had been prepared.

¹ The financial statements of the Regional Queensland Council of Mayors Inc will be for the period 1 April 2024 to 31 March 2025.

² Whitsunday ROC Limited trades as Greater Whitsunday Council of Mayors.

Source: Queensland Audit Office.



H. Local government entities for which we will not issue opinions

The Auditor-General will not issue audit opinions for the following public sector entities for the 2024–25 financial year, because they have not produced a financial report.

Figure H1
Entities for which no opinions are issued

Entity	Parent entity	Reason
Controlled entities		
Brisbane Tolling Pty Ltd	Brisbane City Council	Dormant
Riverfestival Brisbane Pty Ltd	Brisbane City Council	Dormant
OC Invest Pty Ltd	Brisbane Sustainability Agency Pty Ltd	Dormant
CBIC Allara Pty Ltd	City of Brisbane Investment Corporation Pty Ltd	Dormant ²
CBIC Investment Pty Ltd	City of Brisbane Investment Corporation Pty Ltd	Dormant
HOTA Services Gold Coast Pty Ltd	Council of the City of Gold Coast	Non-reporting
Placemakers Gold Coast	Council of the City of Gold Coast	Wound up ⁵
HOTA Services Gold Coast Pty Ltd	HOTA Gold Coast Pty Ltd	Non-reporting ¹
IA Foundation Ltd	Ipswich City Council	Dormant
Invest Logan Pty Ltd	Logan City Council	Wound up ⁴
Millovate Pty Ltd	Moreton Bay Regional City Council	Wound up ⁶
Outback @ Isa Pty Ltd	Mount Isa City Council	Dormant
Palm Island Economic Development Corporation Pty Ltd	Palm Island Aboriginal Shire Council	Dormant
Cleveland Plaza Pty Ltd	Redland Investment Corporation Pty Ltd	Non-reporting ³
RIC Toondah Pty Ltd	Redland Investment Corporation Pty Ltd	Non-reporting ³
Toowoomba and Surat Basin Enterprise Development Fund Limited	Toowoomba and Surat Basin Enterprise Pty Ltd	Dormant
Winton Community Association Inc	Winton Shire Council	Dormant
Jointly controlled entities		
Local Buy Pty Ltd	Local Government Association of Queensland Ltd	Dormant
Western Queensland Local Government Association	Local Government Association of Queensland Ltd	Dormant ⁷
Brisbane Festival Limited	Major Brisbane Festivals Pty Ltd	Wound up ⁸

Notes:

¹ The transactions of HOTA Services Gold Coast Pty Ltd have been consolidated in the financial statements of HOTA Gold Coast Pty Ltd.

² The transactions of CBIC Allara Pty Ltd have been consolidated in the financial statements of City of Brisbane Investment Corporation Pty Ltd.

³ The transactions of Cleveland Plaza Pty Ltd and RIC Toondah Pty Ltd have been consolidated in the financial statements of Redland Investment Corporation Pty Ltd.

⁴ Invest Logan Pty Ltd was deregistered on 21 April 2025.

⁵ Placemakers Gold Coast was deregistered on 7 April 2025.

⁶ Millovate Pty Ltd ceased operating activities on 27 September 2024 and transferred to Moreton Bay City Council on 14 October 2024.

⁷ On 27 June 2024 a members' resolution to wind up Western Queensland Local Government Association was passed. The final cash disbursement was made its member councils on 28 June 2024; there have been no transactions in 2024–25.

⁸ Brisbane Festival Limited was deregistered on 15 October 2023.



I. Audit opinions issued for prior financial years

The following table contains the audit opinions issued for prior financial years that were not finalised when we issued *Local government 2024* (Report 13: 2024–25).

Figure I1
Audit opinions issued for prior financial years

Entity	Date opinion issued	Opinion	Current year sustainability statement opinion ¹
Opinion key:			
U = unmodified; Q = qualified; E = emphasis of matter. (Refer to Appendix C for the definitions of these terms.)			
Financial statements from 2021–22 financial year – Councils			
Woorabinda Aboriginal Shire Council	Not complete	-	-
Financial statements from 2021–22 financial year – Controlled entities			
Woorabinda Pastoral Company Pty Ltd	Not complete	-	-
Financial statements from 2022–23 financial year – Councils			
Northern Peninsula Area Regional Council	22.08.2025	U	E*
Palm Island Aboriginal Shire Council	24.04.2025	Q ²	Q ² , E*
Woorabinda Aboriginal Shire Council	Not complete	-	-
Financial statements from 2022–23 financial year – Controlled entities			
Empire Theatres Foundation	27.01.2026	Q ⁵	-
Woorabinda Pastoral Company Pty Ltd	Not complete	-	-
Financial statements from 2023–24 financial year – Councils			
Diamantina Shire Council	11.04.2025	U	E*
Mornington Shire Council	29.08.2025	U	E*
Northern Peninsula Area Regional Council	19.12.2025	U	E*
Palm Island Aboriginal Shire Council	08.01.2026	Q ²	Q ² , E*
Woorabinda Aboriginal Shire Council	Not complete	-	-
Wujal Wujal Aboriginal Shire Council	Not complete	-	-

Financial statements from 2023–24 financial year – Controlled entities

Empire Theatres Foundation	27.01.2026	E ⁵	-
Empire Theatres Pty Ltd	27.01.2026	Q ⁶	-
Ipswich Arts Foundation Trust	19.05.2025	U	-
North Rail Yard Developments Pty Ltd	Not complete	-	-
NQ Spark Pty Ltd	14.05.2025	U	-
TradeCoast Land Pty Ltd	05.09.2025	E ³	-
Woorabinda Pastoral Company Pty Ltd	Not complete	-	-

Financial statements from 2023–24 financial year – Jointly controlled entities

Major Brisbane Festivals Pty Ltd ⁴	12.05.2025	U	-
SEQ Regional Recreational Facilities Pty Ltd	05.08.2025	U	-
Townsville Breakwater Entertainment Centre Joint Venture	06.05.2025	E*E ⁶	-

Notes:

* We issued an emphasis of matter to alert users of the statements to the fact that special purpose financial statements had been prepared.

¹ Only councils prepare sustainability statements (not local government-related entities).

² We issued a qualified opinion for Palm Island Aboriginal Shire Council's 2022–23 and 2023–24 financial statements and its financial year sustainability statement. This was because the council was unable to provide enough information about the completeness and accuracy of reported revenues for landing fees, lease income, and motel income revenue to confirm that they were correctly reported. We also could not issue an opinion on the accuracy of employee benefits for matters relating to staff wages and salaries.

³ TradeCoast Land Pty Ltd intends to cease its operations. We included an emphasis of matter in our audit report as it had not been prepared on a going concern basis.

⁴ The financial year of Major Brisbane Festivals Pty Ltd was 1 January 2024 to 31 December 2024.

⁵ We issued a qualified opinion for Empire Theatres Foundation's 2022–23 financial statements due to an alleged fraud.

⁶ We issued a qualified opinion for Empire Theatres Pty Ltd 2023–24 financial statements due to an alleged fraud.

⁷ We included an emphasis of matter in our audit report for Townsville Breakwater Entertainment Centre Joint Venture to highlight the net loss made by the entity.

Source: *Queensland Audit Office*.



J. Our assessment of councils' financial governance

Auditing internal controls

Entities design, implement, and maintain internal controls (people, systems, and processes) to deliver reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations.

In undertaking our audit, we are required under the Australian auditing standards to obtain an understanding of an entity's internal controls relevant to the preparation of the financial report.

We assess internal controls to ensure they are suitably designed to:

- prevent, or detect and correct, material misstatements in the financial report (which could influence a user's decision-making)
- achieve compliance with legislative requirements and make appropriate use of public resources.

Our assessment determines the nature, timing, and extent of the testing we perform to address the risk of significant mistakes in the financial statements.

If we believe the design and implementation of controls is effective, we select the controls we intend to test further. We do this by considering a balance of factors including:

- the significance of the related risks
- the characteristics of balances, transactions, or disclosures (volume, value, and complexity)
- the nature and complexity of the entity's information systems
- whether the design of the controls addresses the risk of material misstatement and facilitates an efficient audit.

If we identify deficiencies in internal controls, we determine the impact on our audit approach, considering whether additional audit procedures are necessary.

We design our audit procedures to address the risk of material (major) misstatement so we can express an opinion on the financial report. We do not express an opinion on the effectiveness of internal controls.

The deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the entity. They are reported here because they impacted on the overall system of control during 2024–25.

Financial statement preparation processes

We assess the strength of councils' financial statement preparation processes using a maturity model (which is available on our website at www.qao.qld.gov.au/reports-resources/better-practice).

The model is entity-driven and is scalable to each entity's size and complexity. It aims to bring flexibility in responding to the qualitative factors that influence entities' practices, which the previous assessment criteria did not take into account.

The model facilitates sharing of better practices across the public sector. It also brings focus to entities' areas of development to allow them to reach their targeted positioning.



The 4 components for effective financial statement preparation processes are:

Quality month-end processes and reporting	
<ul style="list-style-type: none"> • Reconciliation • Reporting • Internal quality controls 	<p>Month-end processes refer to the close-out of the current posting period and the preparation of analysis reports. Quality month-end activities provide greater efficiencies in the preparation of year-end reporting. Data quality, quality checking, and internal reporting are the areas of focus.</p>
Early financial statement close processes	
<ul style="list-style-type: none"> • Early close • Audit and audit committee relationships • Asset valuation • Stocktakes • Supporting policies and procedures 	<p>These are the accounting procedures undertaken to close out future account balances in the current posting period. Early close processes are performed before the balance date and are not fully re-performed during the financial statement preparation process. They usually include fair value measurement for property, plant and equipment; major estimates and judgements; material note preparation; and stocktakes.</p>
Skilled financial statement preparation processes and use of appropriate technology	
<ul style="list-style-type: none"> • System • Staff skills • Data quality • Internal controls • Tailored disclosure 	<p>High quality, timely financial statements are prepared using skilled staff, appropriate systems, and sufficient processes that rely on high-quality data sources and effective internal controls.</p>
Timely identification and resolution of financial reporting matters	
<ul style="list-style-type: none"> • Matters are identified • Analysis performed • Consultation 	<p>The timely resolution of financial reporting matters relates to areas of accounting and presentation that require judgement and have a range of potential solutions. Financial reporting matters include the application of new accounting standards and reporting of new and/or complex transactions in a timely manner.</p>

Levels of financial statement maturity

Each of these 4 components has elements describing the level of maturity within the financial statement preparation maturity model.

The 4 levels of maturity per component are:

- developing – an entity does not have key components of effective financial reporting, or they are limited
- established – an entity shows basic competency for financial reporting
- integrated – an entity's financial reporting practices are fundamentally sound, but some elements could be improved
- optimised – an entity is a leader of best practice for financial reporting.

Where a council has different maturity levels for each of the 4 components, its overall maturity may sit between 2 levels and be reported as a range, for example, 'established' to 'integrated'.

Each council's desired level of maturity will differ. What works for a council in a large city may not necessarily work for a smaller council in a regional town.

However, because councils have had stable business models without restructures for more than 10 years, they should be able to at least reach an 'established' maturity level.

In 2020–21, we asked councils to self-assess their financial statement preparation processes using this model.

In 2022–23, we assessed the maturity levels of councils' financial reporting ourselves to make sure they reflect the reality of the strengths and weaknesses of their processes.

This year, we re-assessed the maturity levels of councils using our refreshed financial statement maturity model. In this appendix, we report on this.

In 2025–26 we will ask councils to perform their own assessment using the refreshed model and determine their desired level of maturity.

Results summary

The following tables summarise the results of our assessment of the 77 councils' internal controls and financial statement process maturity, by tier.

Key:

Total O/S SD = Total significant deficiencies outstanding as of 30 June 2025.

O/S SD = Number of significant deficiencies outstanding for longer than 12 months as of 30 June 2025.

FS maturity = Financial statement maturity levels.

Days = Number of days to have audit opinion certified from 30 June 2025 (the number of days between 30 June and 31 October is 123).

Figure J1
Our assessment of the financial governance of councils by tier

Council	Internal controls		Financial statement maturity for 2024–25	2024–25 Days to complete	2023–24 Days to complete
	Total SD O/S	SD O/S >1 year			
Tier 1					
Brisbane City Council	-	-	Integrated to optimised	49	47
Tier 2					
Cairns Regional Council	-	-	Optimised	81	75
Council of the City of Gold Coast	4	1	Established to integrated	87	102
Fraser Coast Regional Council	2	2	Integrated	88	88
Ipswich City Council	1	1	Integrated to optimised	107	110
Logan City Council	2	-	Established to integrated	77	95
Mackay Regional Council	1	1	Integrated	107	103
Moreton Bay City Council	1	1	Integrated	101	103
Redland City Council	1	-	Integrated	102	82
Sunshine Coast Regional Council	1	1	Established	119	123
Toowoomba Regional Council	2	2	Established to integrated	91	89
Townsville City Council	3	2	Integrated	123	115
Tier 3					
Bundaberg Regional Council	1	-	Integrated	109	96
Gladstone Regional Council	2	-	Integrated	116	117
Gympie Regional Council*	4	4	Established to integrated ³	Not complete	123
Lockyer Valley Regional Council	1	1	Established	105	123
Noosa Shire Council*	1	-	Established	205	123

Council	Internal controls		Financial statement maturity for 2024–25	2024–25 Days to complete	2023–24 Days to complete
	Total SD O/S	SD O/S >1 year			
Rockhampton Regional Council	2	2	Integrated	105	108
Scenic Rim Regional Council	1	1	Established to integrated	102	106
Tier 4					
Cassowary Coast Regional Council	-	-	Integrated	106	103
Central Highlands Regional Council	1	1	Integrated	121	121
Isaac Regional Council	-	-	Established to integrated	108	108
Livingstone Shire Council	1	-	Established to integrated	107	102
Mareeba Shire Council	1	1	Established to integrated	94	95
Somerset Regional Council*	2	2	Integrated	147	121
South Burnett Regional Council	-	-	Established to integrated	107	107
Southern Downs Regional Council	-	-	Integrated	122	109
Tablelands Regional Council	2	2	Integrated	123	123
Western Downs Regional Council	2	1	Established to integrated	122	114
Whitsunday Regional Council	2	1	Established to optimised	80	52
Tier 5					
Banana Shire Council	3	-	Established	123	121
Burdekin Shire Council	-	-	Integrated to optimised	70	71
Charters Towers Regional Council	2	1	Integrated	101	115
Douglas Shire Council	-	-	Established to integrated	107	122
Goondiwindi Regional Council	-	-	Established to integrated	60	60
Hinchinbrook Shire Council*	1	1	Established	214	124
Maranoa Regional Council	1	1	Established to integrated	108	108
Mount Isa City Council	11	7	Integrated	119	166
North Burnett Regional Council	3	3	Established to integrated	109	113
Tier 6					
Balonne Shire Council	-	-	Integrated	106	121
Barcaldine Regional Council	-	-	Developing to established	123	120
Cloncurry Shire Council	-	-	Integrated	123	122
Cook Shire Council	5	4	Established	123	123
Longreach Regional Council	1	-	Integrated to optimised	116	108
Murweh Shire Council	-	-	Established to integrated	121	107
Torres Shire Council	6	5	Established	123	123

Council	Internal controls		Financial statement maturity for 2024–25	2024–25 Days to complete	2023–24 Days to complete
	Total SD O/S	SD O/S >1 year			
Tier 7					
Barcoo Shire Council	-	-	Established	233	116
Blackall-Tambo Regional Council	-	-	Established	123	121
Boulia Shire Council*	-	-	Integrated ³	Not complete	123
Bulloo Shire Council	4	1	Established	108	95
Burke Shire Council	-	-	Integrated	121	123
Carpentaria Shire Council	4	3	Established	119	115
Croydon Shire Council	-	-	Established	119	117
Diamantina Shire Council	5	-	Integrated to optimised	123	285
Etheridge Shire Council	-	-	Established to integrated	112	121
Flinders Shire Council	-	-	Established to integrated	113	102
McKinlay Shire Council	-	-	Integrated	123	122
Paroo Shire Council	2	1	Established to integrated	115	121
Quilpie Shire Council	1	1	Integrated	100	74
Richmond Shire Council	3	1	Developing to established	151	115
Winton Shire Council	2	-	Established	116	122
Tier 8					
Aurukun Shire Council*	1	1	Established	128	172
Cherbourg Aboriginal Shire Council	-	-	Established to integrated	105	114
Doomadgee Aboriginal Shire Council	1	-	Integrated	123	115
Hope Vale Aboriginal Shire Council	-	-	Integrated	32	31
Kowanyama Aboriginal Shire Council	-	-	Integrated	94	149
Lockhart River Aboriginal Shire Council*	5	3	Established to integrated	123	159
Mapoon Aboriginal Shire Council*	2	2	Established	123	153
Mornington Shire Council	14	14	Established ²	Not complete	425
Napranum Aboriginal Shire Council*	10	7	Established	122	163
Northern Peninsula Area Regional Council*	22	22	Established ²	Not complete	537
Palm Island Aboriginal Shire Council*	32	32	Developing ²	Not complete	557
Pompuraaw Aboriginal Shire Council	-	-	Integrated	66	72
Torres Strait Island Regional Council	4	3	Established to integrated	154	120
Woorabinda Aboriginal Shire Council*	8	8	Developing ¹	Not complete	Not complete
Wujal Wujal Aboriginal Shire Council*	2	2	Developing ³	Not complete	Not complete

Council	Internal controls		Financial statement maturity for 2024–25	2024–25 Days to complete	2023–24 Days to complete
	Total SD O/S	SD O/S >1 year			
Yarrabah Aboriginal Shire Council	2	1	Integrated	121	113

Notes:

* The total unresolved significant deficiencies do not include those of councils who had not completed their financial statements by 31 October 2025. These numbers are expected to increase as these councils complete their financial statements. Details of weaknesses reported to each council and the updates on the status of these issues are generally available on individual council websites.

¹ Because the 2022 audit of Woorabinda Aboriginal Shire Council is not complete, we were unable to assess its financial statement maturity. We have instead reported their self-assessed financial statement maturity from 2021.

² The 2023 audits of Northern Peninsula Area Regional Council and Palm Island Aboriginal Shire Council and the 2023 and 2024 audits of Mornington Aboriginal Shire Council were completed this year. Because the 2025 audits of these councils were not complete by 31 October, we were unable to assess the financial statement maturity of these councils. We have instead reported their self-assessed financial statement maturity from 2021.

³ Because the 2025 audits of Boulia Shire Council, Gympie Regional Council, and Wujal Wujal Aboriginal Shire Council were not complete by the time this report was tabled, we were unable to assess the financial statement maturity of these councils. We have instead reported our assessment of their financial statement maturity from 2024.

Source: Queensland Audit Office.



K. Financial sustainability measures

The then Department of Housing, Local Government, Planning and Public Works (now the Department of Local Government, Water and Volunteers) introduced the *Financial Management (Sustainability) Guideline (2024)*, effective from the 2023–24 financial year onwards.

This guideline has considered the challenges that councils face, especially in rural and remote areas, and introduced additional ratios to measure financial sustainability. It groups councils into tiers, based on their remoteness and their population.

The guideline has 9 ratios on which councils are required to report in their financial sustainability statements, as a part of the financial statements. The council-controlled revenue, population growth, and asset renewal funding ratio measures are reported by councils for contextual purposes only and are not audited by us. We have summarised the 6 ratios that we audit, including the target benchmarks, in Figure K1.



**Figure K1
Financial sustainability ratios that we audit**

				Target prescribed in the guideline							
Type	Ratio (measure)	Description	Formula	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 7	Tier 8
Operating performance	Operating surplus ratio	An indicator of the extent to which operating revenues generated cover operational expenses	$\frac{\text{Operating results}}{\text{Total operating revenue}}$ Expressed as a percentage	> 0%			> -2%		N/A *		
	Operating cash ratio	A measure of council's ability to cover its core operational expenses	$\frac{\text{Operating results plus depreciation and amortisation plus financial costs}}{\text{Operating revenue}}$ Expressed as a percentage	0%							
Liquidity	Unrestricted cash expense cover ratio	An indicator of the unconstrained liquidity available to council to meet ongoing and emergent financial demands	$\frac{\text{(Total cash and cash equivalents plus current investments plus available ongoing Queensland Treasury Corporation working capital facility less external restricted cash) *12}}{\text{(Total operating expenditure less depreciation and amortisation less finance costs)}}$ Expressed in months	>2 months		>3 months		>4 months			
Asset management	Asset sustainability ratio	Indicates the extent to which the infrastructure assets are being replaced as they reach the end of their useful lives	$\frac{\text{Capital expenses on replacement of assets (renewals)}}{\text{Depreciation expenses on infrastructure assets}}$ Expressed as a percentage	>50%	>60%	>80%		>90%			
	Asset consumption ratio	Measures the extent to which council's infrastructure assets have been consumed compared to what it would cost to build a new asset with the same benefit to the community	$\frac{\text{Written-down replacement cost of depreciable infrastructure assets}}{\text{Current replacement cost of depreciable infrastructure assets}}$ Expressed as a percentage	>60%							
Debt servicing capacity	Leverage ratio	Indicator of council's ability to repay its debts	$\frac{\text{Book value of debt}}{\text{Operating results add depreciation and amortisation and finance costs}}$ Expressed in times	0–5	0–4	0–3					

Note: * Under the department's guidelines, for tiers 6 to 8, the operating surplus ratio is contextual only – meaning that although these councils need to report this ratio, they do not have a benchmark for this ratio to measure their performance against.

Source: Queensland Audit Office.



Figure K2
Financial sustainability ratio by council tiers: Results at the end of 2024–25

	Operating surplus ratio			Operating cash ratio			Unrestricted cash expense cover ratio	Asset sustainability ratio			Asset consumption ratio			Leverage ratio ¹		
	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (months)	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (times)	5Y avg (times)	5Y avg trend
Tier 1 councils																
Brisbane City Council	5.0	3.9	▼	21.5	23.1	▼	5.1	61.5	67.3	▼	81.1	78.4	▲	5.7	4.7	▲
Tier 2 councils																
Cairns Regional Council	5.0	1.2	▲	31.5	29.8	▲	7.2	83.3	75.6	▼	68.3	68.3	▼	0.8	1.4	▼
Council of the City of Gold Coast	-6.0	-2.9	▼	16.5	19.7	▼	4	94.5	75.3	▲	63.8	65.0	▼	2.6	2	▲
Fraser Coast Regional Council	1.2	-0.3	▲	29.8	27.4	▼	5	67.6	80.8	▼	66.9	65.2	▲	0.4	0.6	▼
Ipswich City Council	3.6	1.9	▲	30.8	30.1	▼	7.3	60.0	67.6	▼	70.0	70.6	▲	3.9	3.8	-
Logan City Council	3.1	1.9	▲	25.2	24.1	▲	11.5	91.0	82.7	▲	70.3	70.4	▼	3	2.3	▲
Mackay Regional Council	-1.5	-1.0	▼	28.8	29.8	▼	7.4	59.3	61.8	▲	67.5	65.3	▲	0.3	0.7	▼
Moreton Bay City Council	6.7	8.7	▼	29.9	32.2	▼	4.7	62.2	67.4	▲	69.0	70.4	▼	0.8	1.3	▼
Redland City Council	-7.1	-3.8	▼	15.5	18.2	▼	5.8	47.6	60.0	▲	61.8	63.2	▼	1.5	1	▲
Sunshine Coast Regional Council	2.4	3.5	▼	28.0	25.5	▼	0.8	63.6	70.6	▼	66.5	67.7	▼	2.3	3.5	▼
Toowoomba Regional Council	0.4	0.4	▲	29.7	29.3	▼	7.6	32.1	61.2	▼	71.0	73.1	▼	1.4	1.6	▼
Townsville City Council	-0.6	-3.3	▼	30.2	29.9	▼	5.8	35.4	70.7	▼	65.8	64.9	▼	2.6	2.9	-

Notes:

¹ The leverage ratio is not required for councils that have no debt as of 30 June 2025.

Refer also to Figures K1 and K2, which explain the financial sustainability measures and associated benchmarks.

Legend: CY = Current year ratio; 5Y = 5-year average ratio; ▲ an improving trend; ▼ a deteriorating trend; - a stable trend.

Source: Queensland Audit Office.



	Operating surplus ratio			Operating cash ratio			Unrestricted cash expense cover ratio	Asset sustainability ratio			Asset consumption ratio			Leverage ratio ¹		
	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (months)	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (times)	5Y avg (times)	5Y avg trend
Tier 3 councils																
Bundaberg Regional Council	-1.2	0.8	▼	28.3	28.1	–	9.5	47.6	48.1	▼	68.5	68.4	▼	1.5	1.6	–
Gladstone Regional Council	2.3	-3.5	▲	25.3	19.9	▼	8.9	87.1	88.1	▲	68.5	69.9	▼	1.2	-0.5	▼
Gympie Regional Council ²	-9.7	-4.3	N/A	17.4	20.0	N/A	3.3	262.2	114.0	▲	72.4	72.0	N/A	0.8	0.7	N/A
Noosa Shire Council	5.5	4.6	▲	21.0	21.1	▼	8	314.0	161.7	▲	70.3	72.6	▼	0.8	0.9	▼
Rockhampton Regional Council	0.8	0.2	▲	32.8	29.8	▲	6.7	50.1	70.8	▼	68.5	68.8	▼	1.4	2	▼
Lockyer Valley Regional Council	4.8	8.5	▲	23.0	26.9	▲	8.4	135.7	168.3	▲	70.1	73.0	▼	0	0.6	▼
Scenic Rim Regional Council	-4.0	-1.8	–	17.4	18.7	▲	4.8	257.4	166.0	▲	70.3	73.6	▼	1.9	2.3	–
Tier 4 councils																
Cassowary Coast Regional Council	-1.2	-1.9	▲	28.2	30.7	▼	7.3	118.6	86.4	▼	63.9	66.5	▼	0.2	0.2	▲
Central Highlands Regional Council	11.2	3.1	▲	37.0	29.6	▲	8.5	68.0	81.4	▼	62.6	67.3	▼	0.6	1.4	▼
Isaac Regional Council	6.7	1.6	▲	30.6	26.4	▲	5.8	85.4	81.3	▼	63.8	67.0	▼	0.5	0.7	▼
Livingstone Shire Council	7.0	3.4	▲	35.4	32.7	▲	18.7	52.4	52.4	▲	68.2	70.2	▼	1	1.6	▼
Mareeba Shire Council	22.6	15.0	▲	36.9	33.1	▲	16.8	99.0	127.9	▼	74.0	75.7	▼	0.2	0.3	▼
Somerset Regional Council	-5.6	-3.8	▼	11.2	13.2	▼	5.6	98.1	98.4	▼	77.7	69.6	▲	N/A	N/A	N/A
South Burnett Regional Council	-2.4	-2.9	▲	20.3	23.5	▼	8.1	62.1	83.7	▼	70.6	70.2	▼	0.9	1.3	▼
Southern Downs Regional Council	5.5	0.8	▲	31.4	24.8	▲	12.7	129.9	154.6	▲	64.0	65.1	–	0.3	0.7	▼
Tablelands Regional Council	-4.4	-1.2	▲	25.5	26.1	▲	8	87.0	75.0	▲	63.7	65.5	▼	1.1	0.7	▲
Western Downs Regional Council	9.0	6.4	▲	34.5	33.4	▲	11	200.8	119.2	▲	64.6	65.9	▼	N/A	N/A	N/A
Whitsunday Regional Council	0.1	3.0	▼	23.7	26.7	▼	9.5	135.0	108.8	▲	68.8	71.9	▼	1.5	1.8	▼

Notes:

¹ The leverage ratio is not required for councils that have no debt as of 30 June 2026.

² The current sustainability guideline that came into effect in the 2023–24 financial year introduced new ratios and changed the calculation for the operating surplus ratio. Given the council has not completed their 2024–25 financial statements, the ratios reported are those relating to 2023–24 so there is no trend analysis provided.

Refer also to Figures K1 and K2, which explain the financial sustainability measures and associated benchmarks.

Legend: CY = Current year ratio; 5Y = 5-year average ratio; ▲ an improving trend; ▼ a deteriorating trend; – a stable trend.

Source: Queensland Audit Office.

	Operating surplus ratio			Operating cash ratio			Unrestricted cash expense cover ratio	Asset sustainability ratio			Asset consumption ratio			Leverage ratio ¹		
	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (months)	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (times)	5Y avg (times)	5Y avg trend
Tier 5 councils																
Banana Shire Council	2.8	3.9	▲	29.5	30.1	▲	4.7	182.0	157.3	▲	70.8	72.2	▼	0	0.1	▼
Burdekin Shire Council	10.2	4.3	▲	33.8	29.1	▲	20.7	87.9	85.5	▼	63.6	65.1	▼	0	0	-
Charters Towers Regional Council	8.8	-0.6	▲	20.4	12.8	▲	8.1	99.4	80.9	▼	65.9	65.3	▲	0	0	-
Douglas Shire Council	1.7	-1.5	▲	28.0	23.4	▲	6.8	265.0	129.3	▲	61.8	62.1	▼	N/A	N/A	N/A
Goondiwindi Regional Council	8.4	0.3	▲	28.9	23.7	▲	14.4	76.9	156.7	▼	68.9	70.9	▼	N/A	N/A	N/A
Hinchinbrook Shire Council	-16.1	-13.2	-	12.4	13.9	-	6	29.7	63.2	▼	65.9	66.4	-	N/A	N/A	N/A
Maranoa Regional Council	-0.3	-1.3	▼	20.5	20.2	▼	9	78.7	105.6	▼	70.5	71.3	▲	0.7	1	-
Mount Isa City Council	3.8	-3.6	▲	20.9	17.8	▲	5.2	25.8	40.5	▼	59.5	59.6	▲	0.6	-1.2	▼
North Burnett Regional Council	-6.2	-26.0	▲	26.1	14.0	▲	4.1	209.2	114.8	▲	71.0	76.4	▼	0.1	0.1	▼
Tier 6 councils																
Balonne Shire Council	15.3	-2.2	▲	32.7	12.5	▲	9.1	59.6	65.1	▼	69.3	70.2	▼	0.3	0.6	▼
Barcaldine Regional Council	5.2	-10.2	▲	18.2	7.0	▲	2.3	28.9	136.1	▼	73.8	74.9	▲	0.2	0.5	▼
Cloncurry Shire Council	15.7	-8.8	▲	41.4	25.6	▲	8.5	287.4	174.3	▼	71.4	72.6	▼	0.6	1.9	▼
Cook Shire Council	1.0	-9.0	-	14.0	8.0	▲	4.1	20.0	30.0	▼	72.0	70.0	▲	0.1	2.9	▼
Longreach Regional Council	5.2	-6.1	▲	24.2	13.9	▲	10	69.9	76.7	▲	68.3	70.7	▼	1	0.7	▼
Murweh Shire Council	10.0	-16.0	▲	30.0	9.0	▲	3.2	72.0	75.0	▼	70.0	75.0	▼	0.3	0.4	▼
Torres Shire Council	5.5	-18.2	▲	26.8	10.0	▲	8	127.3	68.7	▲	59.5	68.0	▼	0	0	-

Notes:

¹ The leverage ratio is not required for councils that have no debt as of 30 June 2026.

Refer also to Figures K1 and K2, which explain the financial sustainability measures and associated benchmarks.

Legend: CY = Current year ratio; 5Y = 5-year average ratio; ▲ an improving trend; ▼ a deteriorating trend; - a stable trend.

Source: Queensland Audit Office.



	Operating surplus ratio			Operating cash ratio			Unrestricted cash expense cover ratio	Asset sustainability ratio			Asset consumption ratio			Leverage ratio ¹		
	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (months)	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (times)	5Y avg (times)	5Y avg trend
Tier 7 councils																
Barcoo Shire Council	17.8	-13.9	▲	44.1	17.7	▲	12	47.3	68.6	▲	61.4	70.0	▼	0	0	N/A
Blackall-Tambo Regional Council	9.5	-1.4	▲	24.0	15.0	▲	12	87.1	90.0	▲	78.8	72.4	▲	N/A	N/A	N/A
Boulia Shire Council ²	-105.8	-34.8	N/A	-42.6	4.2	N/A	13.9	6.1	80.7	▼	72.7	78.2	N/A	-0.4	-0.5	N/A
Burke Shire Council	4.5	-20.7	▲	12.6	5.8	▲	6	104.8	114.6	▲	58.0	61.9	▼	N/A	N/A	N/A
Bulloo Shire Council	13.0	-4.7	▲	29.1	22.1	▲	7.9	70.7	43.5	▲	79.5	77.3	▲	N/A	N/A	N/A
Carpentaria Shire Council	8.2	-7.8	▲	21.8	8.6	▲	7	19.2	25.9	▼	61.3	63.1	▼	0.3	0.7	▼
Croydon Shire Council	9.0	2.6	▲	18.8	13.3	▲	9	13.2	72.8	▼	71.7	73.3	▼	N/A	N/A	N/A
Diamantina Shire Council	-21.0	-16.5	▼	3.9	8.0	▼	3.7	29.2	12.3	▼	63.6	67.2	▼	4.9	1.7	▲
Etheridge Shire Council	8.9	-2.5	▲	20.0	10.7	▲	2.9	34.4	16.3	▲	79.9	75.8	▼	0.5	-1.2	▼
Flinders Shire Council	11.8	4.1	▲	30.1	19.0	▲	19.4	10.1	36.1	▼	70.0	75.4	▼	0.5	0.1	▲
McKinlay Shire Council	26.9	-1.0	▲	50.1	30.0	▲	34.3	470.8	411.1	▼	70.0	73.6	▼	N/A	N/A	N/A
Paroo Shire Council	4.8	-3.9	▲	25.3	18.2	▲	7	53.2	45.1	▼	65.1	64.5	▲	0	-0.1	▼
Quilpie Shire Council	8.7	-3.0	▲	28.2	15.6	▲	10.1	15.7	40.2	▼	76.8	78.2	▼	N/A	N/A	N/A
Richmond Shire Council	3.4	-16.2	▲	29.0	12.7	▲	4.3	77.5	129.0	▼	72.2	77.0	▼	0.1	0.3	▼
Winton Shire Council	-3.5	-22.6	▲	22.5	5.3	▲	12.3	258.4	274.0	▲	67.5	72.6	▼	0.1	0.2	▼

Notes:

¹ The leverage ratio is not required for councils that have no debt as of 30 June 2026.

² The current sustainability guideline that came into effect in the 2023–24 financial year introduced new ratios and changed the calculation for the operating surplus ratio. Given the council has not completed their 2024–25 financial statements, the ratios reported are those relating to 2023–24 so there is no trend analysis provided.

Refer also to Figures K1 and K2, which explain the financial sustainability measures and associated benchmarks.

Legend: CY = Current year ratio; 5Y = 5-year average ratio; ▲ an improving trend; ▼ a deteriorating trend; – a stable trend.

Source: Queensland Audit Office.

	Operating surplus ratio			Operating cash ratio			Unrestricted cash expense cover ratio	Asset sustainability ratio			Asset consumption ratio			Leverage ratio ¹		
	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (months)	CY (%)	5Y avg (%)	5Y avg trend	CY (%)	5Y avg (%)	5Y avg trend	CY (times)	5Y avg (times)	5Y avg trend
Tier 8 councils																
Aurukun Shire Council	-13.3	-24.1	▼	10.0	9.3	▼	8.1	2.1	6.5	▼	58.8	63.9	▼	0.1	-0.8	▼
Cherbourg Aboriginal Shire Council	-26.0	-36.9	▼	28.6	12.0	▲	9	12.7	45.5	▼	61.8	68.1	▼	N/A	N/A	N/A
Doomadgee Aboriginal Shire Council	31.0	-5.0	▲	46.0	24.0	▲	14	206.0	111.0	▲	63.0	65.0	▼	N/A	N/A	N/A
Hope Vale Aboriginal Shire Council	23.2	9.2	▲	45.7	33.1	▲	46.1	41.7	82.3	▼	59.2	61.6	▼	N/A	N/A	N/A
Kowanyama Aboriginal Shire Council	-6.6	-18.5	▲	33.6	24.1	▲	15.5	122.0	118.3	▲	53.4	52.4	▼	0.1	0.4	▲
Lockhart River Aboriginal Shire Council	12.7	-5.8	▲	23.1	6.4	▲	6	68.6	84.3	▲	67.7	75.4	▲	N/A	N/A	N/A
Mapoon Aboriginal Shire Council	18.2	-20.8	▲	36.4	0.9	▲	9.7	187.3	53.4	▲	79.0	82.8	▲	N/A	N/A	N/A
Mornington Shire Council ²	-44.0	-23.0	N/A	-15.0	8.0	N/A	0.5	87.0	80.0	▼	72.0	61.0	N/A	N/A	N/A	N/A
Napranum Aboriginal Shire Council	6.0	-21.0	▲	21.0	-1.0	▲	4.4	105.0	52.0	▲	54.0	58.0	▼	N/A	N/A	N/A
Northern Peninsula Area Regional Council ²	-69.0	-36.0	N/A	-36.0	-4.0	N/A	-1	60.0	39.0	▼	60.0	54.0	N/A	N/A	N/A	N/A
Palm Island Aboriginal Shire Council ²	-42.3	-15.3	N/A	15.8	26.3	N/A	6.7	49.3	44.6	▲	65.9	70.5	N/A	N/A	N/A	N/A
Pormpuraaw Aboriginal Shire Council	36.2	10.2	▲	55.5	40.4	▲	60	39.2	41.0	▼	63.8	62.8	▼	N/A	N/A	N/A
Torres Strait Island Regional Council	-59.0	-87.0	▲	9.0	-5.0	▲	3	40.0	29.0	▲	47.0	49.0	▼	N/A	N/A	N/A
Woorabinda Aboriginal Shire Council ³	Not complete															
Wujal Wujal Aboriginal Shire Council ³	Not complete															
Yarrabah Aboriginal Shire Council	-10.7	-30.0	▲	17.6	5.0	▲	5.4	27.4	36.0	▼	59.8	62.6	▼	N/A	N/A	N/A

Notes:

¹ The leverage ratio is not required for councils that have no debt as of 30 June 2026.

² The current sustainability guideline that came into effect in the 2023–24 financial year introduced new ratios and changed the calculation for the operating surplus ratio. Given the council has not completed their 2024–25 financial statements, the ratios reported are those relating to 2023–24 so there is no trend analysis provided.

³ The 2023–24 audit for this council was not completed by the date of this report. As this was the first time all sustainability measures were reported by councils, there are no ratios from previous audited financial statements included in this table.

Refer also to Figures K1 and K2, which explain the financial sustainability measures and associated benchmarks.

Legend: CY = Current year ratio; 5Y = 5-year average ratio; ▲ an improving trend; ▼ a deteriorating trend; – a stable trend.

Source: Queensland Audit Office.





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