

Media Statement

WEDNESDAY, 6 FEBRUARY 2008

Auditor-General's Report: Local Government: Results of the 2006-07 audits

A report by the Auditor General, Des Pearson, titled *Local Government: Results of the 2006-07 audits*, was tabled in the Victorian Parliament today.

This is the first time that Mr Pearson has produced a separate report to Parliament on the results of the annual audit of local governments and the entities they control, thereby acknowledging their central importance as the third tier of government.

Mr Pearson issued no qualifications for the local government sector for 2006-07. This represents a major landmark in the quality of financial reporting by the sector as the Auditor-General has provided qualifications on the sector each year since his appointment as auditor of local government in 1995. The report, however, highlights that further improvement is required in the recognition and reporting of infrastructure assets.

In the report, Mr Pearson reviewed council audit committees and internal audit, and concluded that they are operating effectively. However, a review of fraud management practices found that one-third of councils do not have fraud control plans, or clearly documented fraud management policies and procedures, and that there has been a lack of staff training in identifying fraud risks.

The report includes an analysis of all 79 local councils against 5 indicators of financial sustainability and looks at each council's results for the past 5 financial years as well as looking forward using each council's 3-year strategic resource plans.

The results of this analysis showed that 3 councils are at a high risk of not being sustainable in the medium to long-term. A further 18 councils are rated as moderate risk.

The report also analysed the financial sustainability of the 12 regional library corporations, showing 5 with immediate viability concerns and a further 2 with medium to long-term sustainability concerns.

<ENDS>

Direct link to report: http://www.audit.vic.gov.au/reports_mp_psa/psa23cv.html

For further information:

Mr John Olesky, Manager, Corporate Communications
[p] (03) 8601 7050 [m] 0419 330 785 [f] (03) 8601 7099
[e] john.olesky@audit.vic.gov.au Website: www.audit.vic.gov.au