



Upper Lachlan Shire Council presentation

Audit Work Program and Report on the Conduct of the Audit
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Agenda



- Audit Work Program 2025–2028
- Focus Areas for 2024–25 Local Government Sector Report
- Report on the Conduct of the Audit: Financial Results and Analysis
- Cash, Cash Equivalents, and Investments
- Infrastructure, Property, Plant and Equipment
- Q&A and closing

Audit Work Program 2025–2028



Audit Work Program

2025–26 key themes:

- Efficiency and the optimal use of public resources
- Grants administration
- Major capital projects
- Climate-related risks and opportunities
- First Nations communities

audit.nsw.gov.au/our-work/audit-program



Financial audits



Financial Reporting

- Financial reporting informs users of the financial position, performance and cash flows of council.

Financial Sustainability

- Analyse data to identify warning signs.

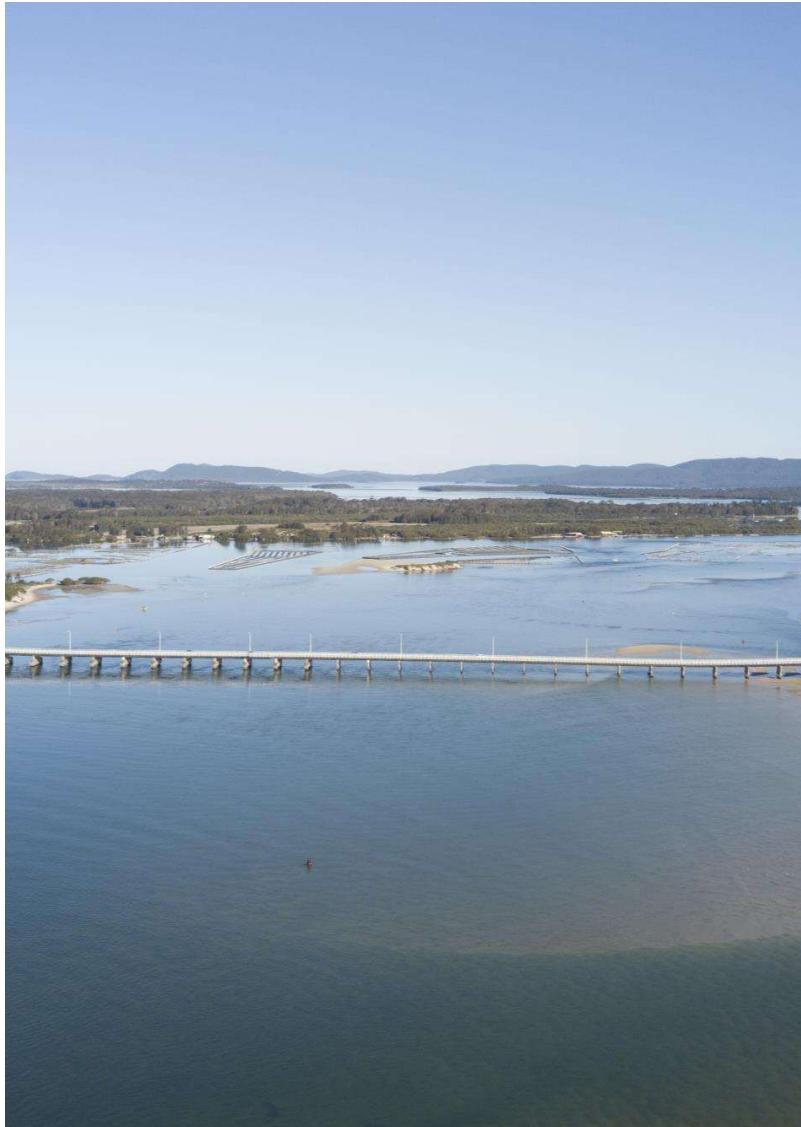
Internal Controls

- Effective internal controls help safeguard assets and ensure integrity in financial processes.

Governance

- Governance frameworks promote accountability, compliance, and ethical financial management.





Planned performance audits



Long-term financial planning

- A strategic approach to forecasting and managing finances over an extended period for sustainability and growth. A series of audits designed to evaluate the effectiveness of long-term financial plans.

Audit, Risk and Improvement Committees (ARICs) effectiveness

- Effectiveness of ARICs in providing independent oversight and how councils support these committees.

Performance management and monitoring (IP&R compliance)

- Reviewing compliance with the Integrated Planning & Reporting (IP&R) framework and performance measurement practices.



Performance audits (cont'd)



Major capital projects

- Effectiveness of councils in overseeing large capital infrastructure projects or a single council managing a single project.

Climate risk and adaption

- Evaluating how councils are preparing for and managing climate risk in asset and service planning.

Waste management

- Evaluating how well councils understand and address service needs and obligations.

Focus areas for 2024–25

Local Government sector report

Key focus areas

Local Government sector report



Financial Audit Outcomes

- Assessment of financial audit results highlights transparency and accountability in local government finances.

Financial Sustainability

- The long-term financial health and efficient resource management for local governments.

IT, Cybersecurity, and Artificial Intelligence

- Emphasis on improving IT infrastructure, cybersecurity measures, and governing use of AI technologies.

Major Projects

- Monitoring progress and impact of significant infrastructure and development projects in local government.

Internal Controls and Governance

- Internal controls and governance frameworks.



Report on the Conduct of the Audit

Income statement

- Rates and annual charges increased by 7.4%
- Operating grants and contributions decreased by 34.6% and capital grants and contributions decreased by 23.2%
- Net operating result before capital grants and contributions decreased by 108.9%



Financial performance

| | 2025 \$m | 2024 \$m | Variance % |
|---|-------------|-------------|---------------|
| Rates and annual charges revenue | 14.6 | 13.6 | 7.4 |
| Grants and contributions provided for operating purposes revenue | 11.9 | 18.2 | 34.6 |
| Grants and contributions provided for capital purposes revenue | 10.9 | 14.2 | 23.2 |
| Operating result from continuing operations | 1.6 | 9.8 | 83.7 |
| Net Operating result for the year before grants and contributions provided for capital purposes | (9.4) | (4.5) | 108.9 |



Cash, Cash Equivalents, and Investments

Cash and investments overview

| Cash, cash equivalents and investments | 2025 | 2024 | Percentage of total cash and investments | Commentary |
|---|-------------|-------------|---|---|
| | \$m | \$m | % | |
| Total cash, cash equivalents and investments | 36.7 | 35.3 | | Externally restricted balances are those which are only available for specific use due to a restriction placed by legislation or third-party contract. A breakdown of the sources of externally restricted balances is included in the graph below. |
| Externally restricted | 24.9 | 25.3 | 67.8 | Internal allocations are determined by council policies or decisions, which are subject to change. |
| Internal allocations | 10.3 | 9.5 | 28.1 | The cash balances did not change significantly from the prior year. |



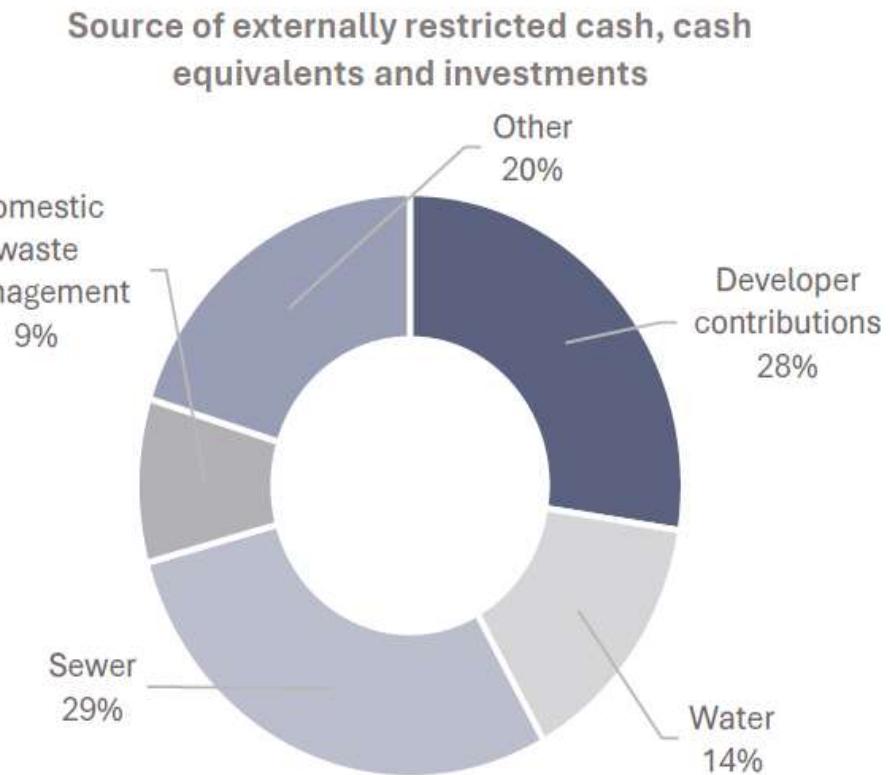
Restricted and allocated cash

External Restrictions

- External restrictions limit the use of cash and investments based on legal or contractual obligations.
- Graph shows the sources of externally restricted cash, cash equivalents and investments.

Internal Allocations

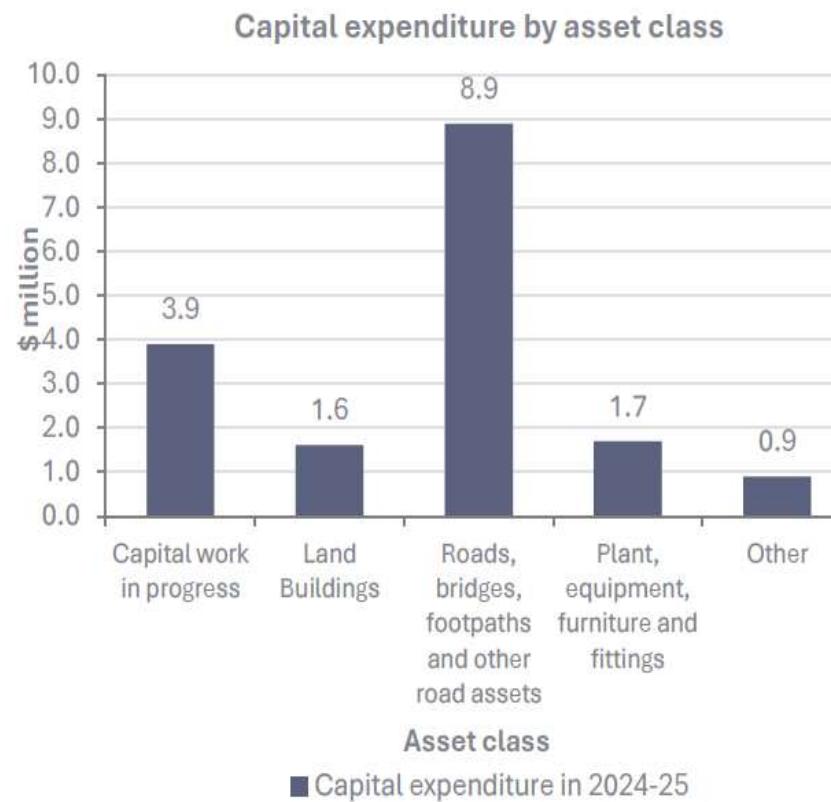
- Internal allocations represent council decisions to designate cash and investments for specific purposes or projects.



Infrastructure, Property, Plant and Equipment

Capital expenditure by asset class

- Infrastructure includes physical systems like roads, bridges, footpaths and stormwater drainage.
- Land and buildings owned or controlled and used in operations or for community purposes.
- Plant and equipment include office equipment, vehicles, furniture and fittings.
- The Council spent \$17.1 million to renew its infrastructure, property, plant and equipment in 2024-25.



Q&A and closing

Thank you

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