



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

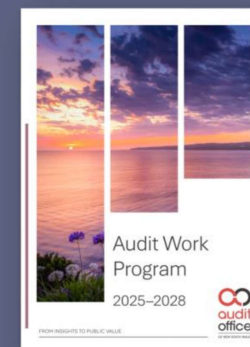


Audit Work Program

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	2024	Variance
	\$m	\$m	%
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. The cash balances did not change significantly from the prior year.
Internal allocations	10.3	9.5	28.1	



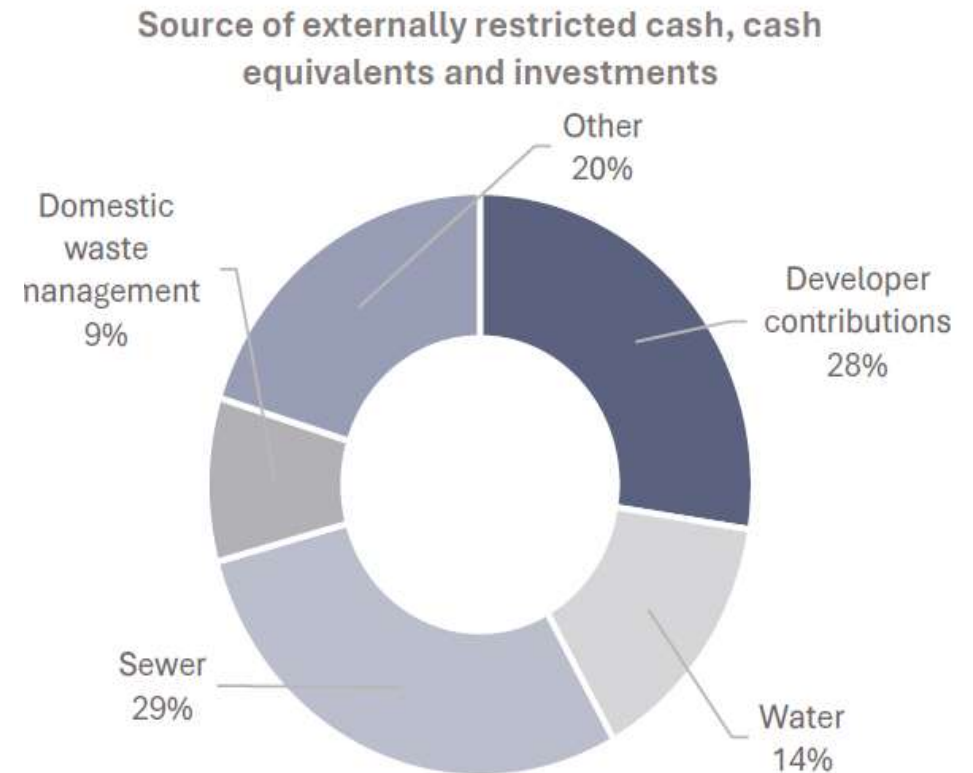
Restricted and allocated cash

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

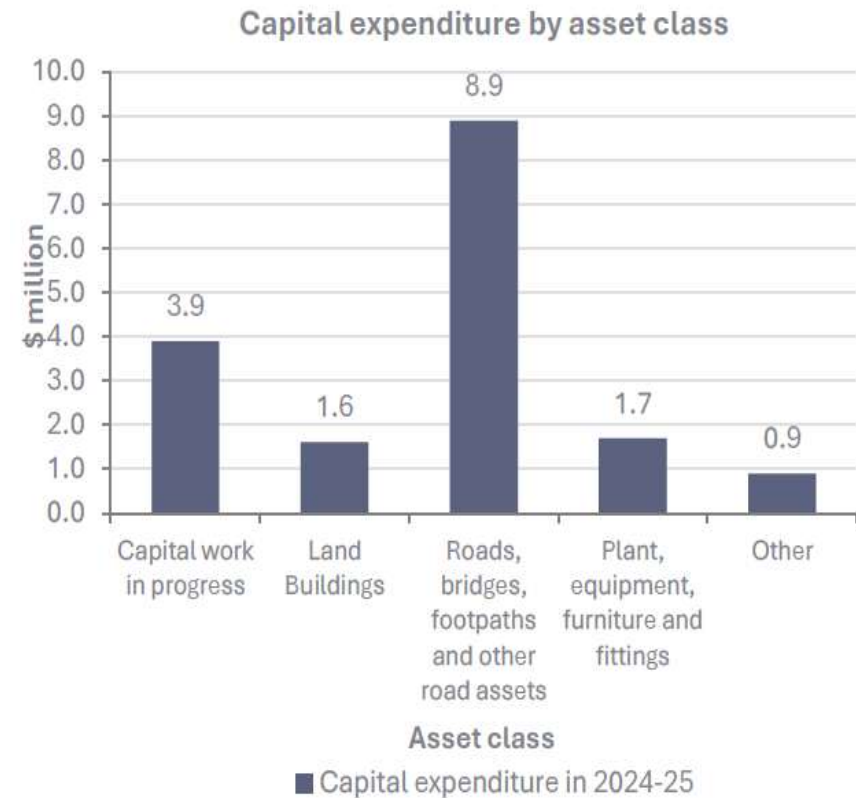
- Internal allocations represent council decisions to designate cash and investments for specific purposes or projects.



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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