



2024 INTERIM REPORT

Gladstone Regional Council

6 June 2024

Cr Matt Burnett
Mayor
Gladstone Regional Council

Dear Mayor

2024 Interim report

We present our interim report for Gladstone Regional Council for the financial year ending 30 June 2024. This report details the results of our interim work performed to 6 June 2024. Under section 213 of the Local Government Regulation 2012, you must present a copy of this report at your Council's next ordinary meeting.

Results of our interim audit

In this phase, we assessed the design and implementation of your internal controls relevant to the financial report, and whether they are operating effectively. We assessed the key controls we intend to rely on in auditing your financial statements. Our audit does not assess all controls that management has implemented across the organisation.

Deficiencies:

- 1 raised in the current year, relating to the timely review and update of Council policies not occurring in accordance with stipulated review dates
- 5 unresolved from prior years

Based on the results of our testing completed to date and the resolution of prior year issues, we have determined your internal control environment does not support an audit strategy where we can rely upon your entity's controls in the areas impacted by these deficiencies.

Refer to section one for further details.

If you have any questions or would like to discuss the audit report, please contact me on 07 3233 3266 or Liam Tregenza on 07 3237 5427.

Yours sincerely



Bronwyn Lovell
Partner KPMG

Enc.

cc. Ms Leisa Dowling, Chief Executive Officer

Mr Stephen Coates, Chairperson Audit, Risk and Improvement Committee

1. Status of issues

Internal control issues

The following table identifies the number of deficiencies in internal controls and other matters we have identified. Details of the deficiencies we identified during our interim audit are outlined further in this section. Refer to section two *Matters previously reported* for the status of previously raised issues.

Year and status	Significant deficiencies	Deficiencies	Other matters
Current year issues	-	1	-
Prior year issues – unresolved	-	5	-
Total issues	-	6	-

Note: *Queensland Audit Office only tracks resolution of other matters where management has committed to implementing action.

The following section details control deficiencies as at 6 June 2024. It includes a response from management.

Our ratings are as follows. For more information and detail on our rating definitions, please see the webpage here: www.qao.qld.gov.au/information-internal-controls or scan the QR code.



D Deficiency

24-IR-1 - Timely review and update of Council policies

Observation

We noted that several Council policies have not been updated in line with the review dates stipulated in the policies.

Implication

Lack of timely update can result in outdated policies and potentially non-compliance with regulation or policies not aligned to best practice. This can lead to probity, proprietary and compliance issues.

QAO recommendation

It is recommended that Council create a register of Council policies including the required review dates and required approvals, to ensure that all policies are updated in accordance with the dates stipulated in the policy.

Management response

Council maintains a Policy Corporate Standards and Local Laws Register. Council has 76 Policies and 57 Corporate Standards. Policies and Corporate Standards were being reviewed on a three yearly basis except where legislation required otherwise or on the direction of the CEO or feedback from councillors. With limited Governance resources we have recently shifted to a risk-based approach to policy reviews with a maximum review period of 5 years. This allows us to direct resources towards business priorities and high-risk policies. Each FY a review schedule is presented to the ELT which identifies the Policies, Corporate Standards and Local Laws for review. In addition, this year Councillors have expressed an interest in forming a Legislative and Policy Review Committee to assist with Policy and Local Law review and development.




Responsible officer: Manager of Governance and Risk

Action date: 31 December 2024

2. Matters previously reported

The following table summarises the status of deficiencies, financial reporting issues, and other matters previously reported to you.

Ref.	Rating	Issue	Status
23-CR-1	D	GIS reconciliation to Fixed Asset Register	<p>Work in Progress</p> <p>The GIS section are working with the Asset Officers to map missing assets and remove disposed assets on the GIS.</p> <p>The Technical Asset Officers are now doing regular visits to projects and have more contact with the project managers.</p> <p>Responsible officer: Financial Controller Action date: 30 June 2024</p>
23-CR-2	D	WIP capitalisation	<p>Work in Progress</p> <p>Management will assess WIP balances on a frequent basis (compared to the annual reconciliations) with the asset team to assess each open project. Management will examine external documentation for the asset's completion status as part of this assessment.</p> <p>Responsible officer: Financial Controller Action date: 30 June 2024</p>
23-IR-1	D	General journal approval process in TechOne	<p>Resolved pending audit clearance</p> <p>Workflow implemented to prevent users from creating and posting their own journals on 23/02/24. It was determined that journals that are created by the system and not manipulated by the user can continue being posted without review. E.g. Aurion, Pathway.</p> <p>Responsible officer: Financial Controller Action date: 30 June 2024</p>
23-IR-2	D	Cyber security controls can be strengthened by use of multi-factor authentication	<p>Resolved</p> <p>MFA is not available for the system identified during the audit. Other mitigating controls have been applied. It is important to note that this system is a standalone cloud system with unique user access credentials and does not pose a risk to other systems. It is the opinion of management that this risk has been mitigated appropriately and are seeking to close out the issue.</p> <p>Responsible officer: Financial Controller Action date: 30 June 2024</p>
23-IR-3	D	User driven TechOne delegation of authority	<p>Work in Progress</p>

Ref.	Rating	Issue	Status
			<p>Project allocated to new resource in systems team. It is anticipated that position-based profiles will be implemented as a staged approach as Council migrates from TechOne Ci to TechOne Ci Anywhere (CiA). All profiles should be position based by resolution date of 30 June 2025.</p> <p>Responsible officer: Financial Controller Action date: 30 June 2025</p>
23-IR-4		TechOne batch scheduler change approvals	<p>Resolved pending audit clearance Quarterly review process implemented. Issue resolved prior to resolution date of 31 December 2023</p> <p>Responsible officer: Financial Controller Action date: 31 December 2023</p>
22-IR-1		Capital work in progress process improvements	<p>Work in Progress</p> <p>The Asset Governance and Works Planning & Scheduling teams have been liaising and coordinating in recent weeks to ensure the Senior GIS Officer and Senior Technical Officer are included as part of regular meetings with project managers so that all parties are aware of requirements in a timely manner. We have seen an improvement in projects being completed recently and communication/information has been received. Audit will reassess as part of final audit process to determine if further improvements have been identified.</p> <p>Responsible officer: Financial Controller Action Date: 30 June 2024</p>
20-CR-3		Improvement of the three way-match process required	<p>Work in Progress</p> <p>Management have recently undertaken a planning session with TechnologyOne to identify the correct sequencing of major projects across the 2023-2025 period. As a result, the procure-to-pay project has been scheduled for January-June 2025.</p> <p>Responsible officer: Financial Controller Action Date: 31 December 2024 Revised Action Date: 30 June 2025</p>



qao.qld.gov.au/reports-resources/reports-parliament



Suggest an audit topic

Contribute to an audit in progress

Subscribe to news and our blog

Connect with QAO on LinkedIn

William Cunningham
Queensland Audit Office
T: 07 3149 6042
E: william.cunningham@qao.qld.gov.au

Bronwyn Lovell
KPMG
T: 07 3233 3266
E: blovell@kpmg.com.au

T: (07) 3149 6000
E: qao@qao.qld.gov.au
W: www.qao.qld.gov.au
53 Albert Street, Brisbane Qld 4000
PO Box 15396, City East Qld 4002

