

## 2. Chief Executive Officer

➤ **Annual Report 2022-2023:**

Council must prepare an annual report for each financial year and adopt it within one month after the day the auditor-general gives their audit report about council's financial statements for the financial year to council. LGR s182(2) & (3)

Part A covers the activities across Council, noting, highlights unique to the previous financial year to 30 June. Additionally, there are some mandatory operational disclosures, in accordance with the Local Government Act, covering Councillors, and Governance matters coordinated through the Office of the Chief Executive Officer.

Part B incorporates the Annual Audited Financial Statements of Council. The format of these reports follows the guidelines stated in the Local Government Regulations, Finance Standards, and many other accounting standards. Queensland Councils are audited annually, and these are required to be signed off by the Queensland Audit Office (QAO). While the QAO does directly undertake a number of these Audits, a large number are delegated to large scale Accounting Firms. As these statements are a formal record of the financial activities throughout the year, a report is also produced with less technical disclosures, in Part C.

Part C incorporates the Community Financial Report aimed at highlighting the financial performance and position of Council, in a more relaxed and readable format.

### Recommendation regarding Annual Report 2022/2023:

- A. Adopt the annual report 2022/2023 to comply with legislation.
- B. Publish the report on council's website within two weeks of adoption. LGR s182(4)

## 2. Council Meeting Dates – 2024 Calendar year:

It is a requirement for each Local Government in Queensland to adopt council meeting dates for public information:

Once below dates are adopted by Council, We will publish council meeting dates for public.

<i>Cherbourg Aboriginal Shire Council Meeting Dates for 2024</i>		
<i>Month</i>	<i>Floater Meeting</i>	<i>Ordinary - Monthly Meeting</i>
<i>January</i>	<i>3 January</i>	<i>17 &amp; 18 January</i>
<i>February</i>	<i>7 February</i>	<i>21 &amp; 22 February</i>

2.

<i>March</i>	<i>6 March</i>	<i>13 &amp; 14 March</i>
<i>April</i>	<i>3 April</i>	<i>17 &amp; 18 April</i>
<i>May</i>	<i>1 May</i>	<i>15 &amp; 16 May</i>
<i>June</i>	<i>5 June</i>	<i>19 &amp; 20 June</i>
<i>July</i>	<i>3 July</i>	<i>17 &amp; 18 July</i>
<i>August</i>	<i>7 August</i>	<i>17 &amp; 18 August</i>
<i>September</i>	<i>4 September</i>	<i>18 &amp; 19 September</i>
<i>October</i>	<i>2 October</i>	<i>16 &amp; 17 October</i>
<i>November</i>	<i>6 November</i>	<i>20 &amp; 21 November</i>
<i>December</i>	<i>4 December</i>	<i>18 &amp; 19 December</i>

Recommendation regarding Council Meeting Dates – 2024 Calendar year:

A. Adopt the council meeting dates for 2024, We have made sure that March meeting dates are before election day and LGAQ Annual conference is week after our council meeting in October 2024.



### ➤ 3. Debtors Write Offs:

As per recommendation from our finance team, below is the list of the debtors for council to consider them write offs from the system.

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ZZX554		\$	
	CARRUTHERS CONTRACTING	6,521.24	INVOICED 2015. DEBT IS 8 YEARS OLD
		\$	INVOICED 2013. DEBT IS 10 YEARS
ZZX522	SKILLCHOICE AUSTRALIA	800.00	OLD.
		\$	INVOICED 2006. DEBT IS 17 YEARS
ZZX229	MR & MRS TAYLOR	440.00	OLD.
		\$	INVOICED 2013 & 2014. 9/10 YEARS
ZZF339	KINGAROY FUNERAL SERVICES	5,828.00	OLD.
		\$	
ZZCF0065	D BARNES CAPE YORK LAND COUNCIL	356.75	INVOICED 2014. DEBT IS 9 YEARS OLD
		\$	INVOICED 2012. DEBT IS 11 YEARS
ZZCF0012	EMPLOYMENT SERVICES QUEENSLAND	746.50	OLD.
		\$	
ZZX491	EMPLOYMENT SERVICES QUEENSLAND	93.69	INVOICED 2014. DEBT IS 9 YEARS OLD
		\$	
MENZIES	MENZIES SCHOOL OF HEALTH RESEARCH	573.75	INVOICED 2014. DEBT IS 9 YEARS OLD
		\$	
		15,359.93	

### Recommendation for Debtors Write Offs:

That Cherbourg Aboriginal Shire Council: -

1. That the Council write off the above old debts.

#### 4. Audit and Risk Committee

The Council's Audit and Risk Committee met on Friday 27 October. The committee continues to work well. A copy of the minutes of the Audit and Risk Committee are attached the information of the Council.

The key issues at the meeting were as follows:-

The second internal audit undertaken by the internal auditor from Sunshine Coast Regional Council is about to begin. That internal audit will focus on how Council manages the grants that it receives – how it applies for grants, manages grants received, acquits those grants etc. This internal audit will look for ways to improve how we attract and manage our grants.

The committee reviewed the final report by the external auditors for the 2022/23 financial year. The Council achieved a positive audit result. The committee noted the impact of the increased depreciation arising as a result of the revaluation of Council's community housing. This has had a negative effect on Council's operating result. A copy of the Queensland Audit Office for a report is attached for the information of Council.

The committee reviewed the final financial statements for 2022/23 and were complimentary of the work undertaken by Council's finance team in finalising the financial statements and receiving a clear audit report from the auditors within the statutory timeframe. The financial

statements are included on this Council agenda for adoption by the Finance Manager.

The Audit and Risk Committee has set its program for the 2024 calendar year. There will be 4 meetings throughout the year and one of the special focus areas for 2024 will be how we can improve asset management.

After nearly 18 months of operation, the Committee undertook an evaluation of its operations. There was positive feedback about the effectiveness of the committee. One suggestion for improvement was for our Council Advisor to work with a local staff member to transfer knowledge about the operation of the committee. This will assist in the long-term sustainability of the audit and risk committee. (The CEO has identified a local staff member to work with our Council Advisor).

As part of the review of the committee, the committee's Charter was reviewed to make sure that it is still relevant. The Queensland audit office made some suggestions for minor improvements covering appointment of chairperson, access to staff for information and confidentiality. The Charter for the Audit and Risk Committee has been updated and is attached for formal endorsement by Council.

There are a number of decisions for the Council that arise from the Audit and Risk Committee meeting.

That in relation to the Audit and Risk Committee meeting held on 27 October 2023:-



### Recommendation for Audit and Risk Committee:

Council receive and note the minutes of the Audit and Risk Committee meeting;

Council receive and note the final management letter from the external auditors and express its appreciation for the Finance Team in achieving another successful audit outcome;

Council note that the feedback has been positive in terms of the Audit and Risk Committee's operation and progress after 18 months and further, note that the CEO will identify local staff member who can work with the Council Advisor to assist in the Audit and Risk Committee process to transfer skills and knowledge; and

Council adopt the updated Audit and Risk Committee Charter.

### 4. Quarter 1 Review – Operational Plan 2023/2024

I have attached the detailed Quarter 1 Review – Operational Plan progress report 2023/2024 for council information.

### Recommendation that council :

1. Receive and note the Operational Plan Progress Report; and
2. Extend the target dates for the following items:
  - a. Item 2.1 – 30 June 2024
  - b. Item 2.5 – 31 March 2024



Chatur Zala

Chief Executive Officer





# CHERBOURG ABORIGINAL SHIRE COUNCIL

## OPERATIONAL PLAN 2023/2024 PROGRESS REPORT #1



# Cherbourg Aboriginal Shire Council – Operational Plan – 2023/2024

Ref.	Corporate Plan Strategy	Activities	Timing	Organisational Responsibility	Performance Measures	Status
<b>Office of the Chief Executive Officer</b>						
<i>To undertake the strategic management of Council's overall operations and work with key stakeholders for the benefit of the community</i>						
1.1	District Disaster Management Plans	<ol style="list-style-type: none"> <li>Liaison with South Burnett Regional Council on issues affecting each Council</li> <li>Attending District Disaster Management Group meetings</li> </ol>	<ol style="list-style-type: none"> <li>On going</li> <li>Quarterly</li> </ol>	<ol style="list-style-type: none"> <li>Mayor &amp; CEO</li> <li>Mayor &amp; CEO</li> </ol>	<ol style="list-style-type: none"> <li>No. of meetings held &amp; DMP amended accordingly</li> <li>No. of meetings attended</li> </ol>	Regular meetings Bushfire Mitigation Plan updated
1.2	Attend ILF and Alliance of QLD South & Eastern Indigenous Council meeting	<ol style="list-style-type: none"> <li>Attend ILF and Alliance of QLD South &amp; Eastern Indigenous Council meeting meetings to establish Cherbourg as a strong part of the region</li> <li>Identify support and assistance that can be provided by neighbouring Councils</li> </ol>	<ol style="list-style-type: none"> <li>As required</li> <li>On going</li> </ol>	<ol style="list-style-type: none"> <li>Mayor</li> <li>CEO</li> </ol>	<ol style="list-style-type: none"> <li>No. of meetings attended</li> <li>No. of meetings attended &amp; report to Council</li> </ol>	Southern Alliance not operating anymore. ILF meetings attended
1.3	Intergovernmental relations	<ol style="list-style-type: none"> <li>Effectively manage relationships with government agencies and other bodies</li> </ol>	<ol style="list-style-type: none"> <li>Ongoing</li> </ol>	<ol style="list-style-type: none"> <li>CEO</li> </ol>	<ol style="list-style-type: none"> <li>No. of meetings attended &amp; report to Council</li> </ol>	Regular meetings ongoing
1.4	Cherbourg Community and Council Administration Building	<ol style="list-style-type: none"> <li>Coordination of the project steering group to develop the business case for the construction of the proposed new facility</li> </ol>	<ol style="list-style-type: none"> <li>30 June 2024</li> </ol>	<ol style="list-style-type: none"> <li>CEO</li> </ol>	<ol style="list-style-type: none"> <li>No. of meetings attended</li> <li>Meeting minutes</li> <li>Report to Council</li> <li>Business case prepared</li> </ol>	Final stage of business case underway

On track

Delays expected

Off track



Cherbourg Aboriginal Shire Council – Operational Plan – 2023/2024				
Ref.	Corporate Plan Strategy	Activities	Timing	Organisational Responsibility
				Performance Measures
				Status

Corporate Services				
To deliver responsible governance, efficient service and administrative support for Council's operations and strategic initiatives				
2.1	Provide responsible and accountable financial planning and management	1. Undertake review of Council's accounting and finance systems	1. 31 December 2023	1. CEO & Corporate Services Manager
2.2	Manage corporate services to support and increase the effectiveness of operations	1. Workshop policies and procedures with Council staff	1. 31 March 2024	1. Report to Council on options 2. Register of policies completed & statutory policies available on website 3. Workshops completed
2.3	Reviewing leasing arrangements of Council facilities to private organisations	1. Review and document all current leasing arrangements where organisations occupy Council owned buildings 2. Meet with all organisations to discuss and agree on possible future leasing arrangements 3. Arrange for lease documents to be prepared and signed.	1. 31 December 2023 2. 31 March 2024 3. 30 June 2024	1. Report provided to CEO 2. Report on meetings attended 3. Lease documents finalised
2.4	Recruiting and developing staff to deliver Council services	1. Review and/or development of human resource policies and processes 2. Ensuring all staff have opportunities for personal development and training	1. 31 March 2024 2. Ongoing	1. Policy & procedures approved by CEO 2. Training programs undertaken

On track

Delays expected

Off track

# Cherbourg Aboriginal Shire Council – Operational Plan – 2023/2024

Ref.	Corporate Plan Strategy	Activities	Timing	Organisational Responsibility	Performance Measures	Status
2.5	Ensuring all Council's assets are managed and maintained within annual budget constraints	1. Implement recommended improvements to the Asset Management Plan	1. 31 December 2023	1. Corporate Services Manager	1. Updated plan adopted by Council	Start delayed with meetings to be arranged for November/December. Request new date of 31 March 2024
2.6	Workplace Health and Safety audit	1. Prepare for Workplace Health and Safety Audit	1. 31 May 2024	1. Workplace Health and Safety Officer	1. Report to Council 2. Completion of assessment process	On track

On track

Delays expected

Off track



# Cherbourg Aboriginal Shire Council – Operational Plan – 2023/2024

Ref.	Corporate Plan Strategy	Activities	Timing	Organisational Responsibility	Performance Measures	Status
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## Operations

*To maintain and upgrade essential infrastructure and housing to service the needs of the community now and in the future*

3.1	Maintaining an appropriate level of roads to enhance safety in the town area.	1. Maintenance and pothole patching of town streets	1. On-going	1. Operations Manager	1. Monthly report to Manager	In progress
		2. Cleaning of road kerb and channelling and drains	2. Monthly	2. Operations Manager	2. Monthly report to Manager	"Drain jetter" purchased and in use. In progress
		3. Review and maintain pedestrian crossings and signage	3. On-going	3. Operations Manager	3. Monthly report to Manager	In progress
		4. Regular inspections and repairs to footpaths	4. On-going	4. Operations Manager	4. Monthly report to Manager	In progress
3.2	Maintaining an efficient fleet of plant and equipment	1. Development of a maintenance plan for all equipment.	1. 31 December 2023	1. Operations Manager	1. Plan completed & given to Manager	In progress
		2. Develop an Asset Management Plan for plant and equipment	2. 31 January 2024	2. Operations Manager	2. Plan adopted by Council	Plan yet to be commenced
		3. Training and skills development for all operators	3. As required	3. Operations Manager	3. Level of qualification increased	In progress – fleet management training underway
3.3	Ensuring the water supply, sewerage system and garbage system are provided in accordance with the highest possible health standards and reliability.	1. Review progress of maintenance plan for WTP to including completion of routine maintenance of plant, inspection of water intake well & pumps, hydrants and scouring of water lines	1. Ongoing	1. Works Co-ordinator & Environmental Services Officer (ESO)	1. Monthly report to Manager	In progress
		2. Review progress of maintenance plan for STP to including completion of routine maintenance of plant, inspection of wet wells, pumps and man holes	2. Ongoing	2. Works Co-ordinator & Environmental Services Officer (ESO)	2. Monthly report to Manager	

On track

Delays expected

Off track

Cherbourg Aboriginal Shire Council – Operational Plan – 2023/2024						
Ref.	Corporate Plan Strategy	Activities	Timing	Organisational Responsibility	Performance Measures	Status
3.4	Effective management of pest animals through the Animal Management Plan	1. Liaise with State Authorities on control of wild dogs.	1. As required	1. Works Co-ordinator & Pastoral Manager	1. Monthly report to Manager/s	In progress  Vehicle purchased and information sessions undertaken. Infringement action being taken.
		2. Registration and control of dogs and horses	2. On-going	2. Animal Management Officer	2. Report to Manager	
		3. Community awareness sessions on the Animal Management Plan	3. On-going	3. Animal Management Officer	3. No. of sessions undertaken	
3.5	Effective management of noxious weeds through the Weed Management Plan	1. Work with South Burnett Regional Council on implementing the Weeds Management Plan	1. Ongoing	1. Works Co-ordinator	1. Plan endorsed by CEO	In progress  Partnering with SBRC.
		2. Development of an annual work program to treat parthenium and giant rat's tail	2. Ongoing	2. Works Co-ordinator & Pastoral Manager	2. Program provided to Manager	
3.6	Maintaining community facilities and buildings and making them available to the public	1. Maintenance of community buildings 2. Development of a forward plan for maintenance of community buildings	1. As required 2. 30 June 2024	1. Building Supervisor 2. Works Supervisor	1. Report to Manager 2. Plan provided to Manager then CEO & Council	In progress
3.7	Capital Works Program	1. W4Q Solid Waste Project 2. Plant and Equipment Purchases 3. QRA LRR Projects 4. QRA REPA 5. DFRA Round 1 – Flood camera and warning systems 6. TIDS Funding 7. LRCI Phase 4	1. 30 June 2024 2. 30 November 2023 3. 30 June 2024 4. 30 June 2024 5. 30 June 2024 6. 30 June 2024 7. 30 June 2024	1. Operations Manager	1. Completion of projects as per scope 2. Purchase of budgeted items	

On track

Delays expected

Off track



Cherbourg Aboriginal Shire Council – Operational Plan – 2023/2024					Status	
Ref.	Corporate Plan Strategy	Activities	Timing	Organisational Responsibility	Performance Measures	Status
<b>Economic and Community Development</b>						
<i>To explore opportunities to improve skills and work options for Cherbourg community, to grow the capability of our staff and business operations and provide strategic direction. To improve the liveability of Cherbourg community.</i>						
4.1	Farm	1. Council to consider and decide on the future direction of the Farm 2. Implement the outcomes of the Council decision	1. 31 December 2023 2. 30 June 2024	1. Farm Manager 2. ECD Manager and Farm Manager	1. Report to Council and Council Resolution 2. Report to Council	Report to Council prepared.
4.2	Recycling	1 CRPs - Increase turnover by 7% 2 MRF - increase production by 100%	1. 30 June 2024 2. 30 June 2024	1. MRF Manager and CRP Managers	1. Amount of turnover 2. Amount of production	In progress
4.3	Call centre	1 Further consolidate operations 2 Explore innovations and opportunities for improved service delivery	1. 30 June 2024 2. 30 June 2024	1 ECD Manager and Call centre manager 2 ECD Manager and Call centre manager	1. Report to Council 2. Report to Council	Further expansion to services are underway.
4.4	Joinery	1 Qbuild Upgrade program 2 Develop staff to a quality production standard 3 Improve profitability, target \$30k 4 Improve marketing	1. 30 June 2024	1. Joinery Manager	1. Completion of Projects 2. Amount of rework 3. Amount of profit achieved 4. Report on marketing effort	In progress
4.5	Building Dept	1 Deliver Qbuild upgrade program 2 Resolve asset management issues on Council buildings 3 Improve stock control and stock accountability 5 Improve staff productivity	1. 30 June 2024	1 Building Manager 2. ECD Manager	1. Completion of projects 2. Report to Council	On track
4.6	Provide strategic direction and operational guidance to the Cherbourg business units.	1. Ensure that enterprises are running effectively. 2. Improve productivity 3. Improve WHS practices and records.	1. Ongoing	1. ECD Manager	1. Report to Council	In progress

On track

Delays expected

Off track

# Cherbourg Aboriginal Shire Council – Operational Plan – 2023/2024

Ref.	Corporate Plan Strategy	Activities	Timing	Organisational Responsibility	Performance Measures	Status
4.7	Oversee projects	<ol style="list-style-type: none"> <li>1. Cherbourg to Murgon Footpath Upgrade (two phases)</li> <li>2. Gundoo Cubby House &amp; Bike Track</li> <li>3. Housing project – New Houses</li> <li>4. Housing project – new precinct/subdivision (two phases)</li> <li>5. Qbuild Upgrade program</li> <li>6. Qbuild responsive program</li> <li>7. DTIS Infrastructure – Feasibility Study</li> <li>8. LGGSP – Cherbourg Community Centre Project</li> </ol>	<ol style="list-style-type: none"> <li>1. 30 June 2025</li> <li>2. 30 Nov 2023</li> <li>3. 30 Jun 2024</li> <li>4. 30 Jun 2025</li> <li>5. 30 June 2024</li> <li>6. 30 June 2024</li> <li>7. 30 June 2024</li> <li>8. 30 June 2024</li> </ol>	1. ECD Manager	1. Completion of projects	<p>In progress</p> <p>Complete</p> <p>In progress</p> <p>In progress</p> <p>In progress</p> <p>In progress</p> <p>Completed</p> <p>In progress</p>
4.8	Deadly casuals	<ol style="list-style-type: none"> <li>1 Develop skill sets, fence repairs, patio revitalise, yard maintenance, pest control.</li> </ol>	<ol style="list-style-type: none"> <li>1. Ongoing</li> </ol>	1. ECD Management	1. Report to Council	In progress

On track

Delays expected

Off track



# Cherbourg Aboriginal Shire Council – Operational Plan – 2023/2024

Ref.	Corporate Plan Strategy	Activities	Timing	Organisational Responsibility	Performance Measures	Status
<b>Community Services</b>						
<i>To ensure residents are provided with facilities and activities that assist in providing quality of life</i>						
5.1	Providing and maintaining sport and recreation facilities and activities	<ol style="list-style-type: none"> <li>Maintenance of football field, netball courts, Jack Malone Oval and other parks</li> <li>Liaison with the Dept of Sport and Recreation and PCYC on sport and recreation needs in the community</li> </ol>	<ol style="list-style-type: none"> <li>As required</li> <li>On-going</li> </ol>	<ol style="list-style-type: none"> <li>Works Coordinator &amp; Sport &amp; Recreation Officers</li> <li>Community Services Manager</li> </ol>	<ol style="list-style-type: none"> <li>Report to Manager</li> <li>No. of meetings attended</li> </ol>	In progress New kitchen to be installed in sports complex
5.2	Development of Disaster Management Plan	<ol style="list-style-type: none"> <li>Coordinating Local Disaster Management Group meetings</li> <li>Input into the Regional Community Recovery Plan and attendance at Community Recovery Committee meetings</li> </ol>	<ol style="list-style-type: none"> <li>Bi monthly</li> <li>As required</li> </ol>	<ol style="list-style-type: none"> <li>CEO</li> <li>Community Services Manager</li> </ol>	<ol style="list-style-type: none"> <li>Meetings held and minutes kept</li> <li>No. of meetings attended</li> </ol>	In progress Plans have been updated and regular meetings underway
5.3	Supporting Bush Fire Mitigation Programs	<ol style="list-style-type: none"> <li>Regular liaison with QF&amp;RS</li> <li>Controlled burn offs around the perimeter of the town area</li> </ol>	<ol style="list-style-type: none"> <li>As required</li> <li>As required</li> </ol>	<ol style="list-style-type: none"> <li>Community Services Manager</li> <li>Community Services Manager, Works Supervisor &amp; Pastoral Manager</li> </ol>	<ol style="list-style-type: none"> <li>No. of meetings held</li> <li>Record of activities undertaken</li> </ol>	Plan updated Meetings held Community letters sent out
5.4	Raise community awareness of disaster and risk management plans	<ol style="list-style-type: none"> <li>Promote availability of plans to community through newsletters and website.</li> <li>Hold community awareness meetings</li> </ol>	<ol style="list-style-type: none"> <li>Quarterly</li> <li>Quarterly</li> </ol>	<ol style="list-style-type: none"> <li>Community Services Manager</li> <li>CEO &amp; Community Services Manager</li> </ol>	<ol style="list-style-type: none"> <li>Inclusion into website and news letters</li> <li>No. of meetings held</li> </ol>	In progress Community event being planned
5.5	Work in collaboration with Health Service Providers to respond to health emergencies	<ol style="list-style-type: none"> <li>Hold regular meetings with Qld Health</li> </ol>	<ol style="list-style-type: none"> <li>Bi monthly</li> </ol>	<ol style="list-style-type: none"> <li>Community Services Manager</li> </ol>	<ol style="list-style-type: none"> <li>Meetings attended</li> </ol>	In progress
5.6	Support to Indigenous Knowledge Centre	<ol style="list-style-type: none"> <li>Operations of the IKC</li> <li>Promote IKC programs and boost membership and IKC usage</li> </ol>	<ol style="list-style-type: none"> <li>Ongoing</li> <li>Ongoing</li> </ol>	<ol style="list-style-type: none"> <li>Community Services Manager</li> <li>IKC Manager and IKC Coordinator</li> </ol>	<ol style="list-style-type: none"> <li>Records of visits</li> <li>Number of memberships</li> </ol>	In progress
5.7	Cherbourg Radio	<ol style="list-style-type: none"> <li>Operations of the UsMob Radio</li> </ol>	<ol style="list-style-type: none"> <li>Ongoing</li> </ol>	<ol style="list-style-type: none"> <li>Community Services Manager and Radio Station Manager</li> </ol>	<ol style="list-style-type: none"> <li>Record of activities, surveys, media platform feedback</li> </ol>	In progress

On track

Delays expected

Off track

Cherbourg Aboriginal Shire Council – Operational Plan – 2023/2024					
Ref.	Corporate Plan Strategy	Activities	Timing	Organisational Responsibility	Performance Measures
					Status
5.8	Community Events	1. Planning Community events 2. Promotion	1. Ongoing 2. Ongoing	1. Community Services Manager and Community Services Officer 2. Radio, Interagency, Social Media	1. Record of activities, surveys, media platform feedback 2. Attendance by the Community In progress
5.9	Interagency	1. Transparency of service provision, community appropriateness, and stop duplication	1. Monthly	1. Community Services Manager, Community Services Officer, Service Providers	1. Minutes of meetings 2. Changes to service provision to reduce duplication On track Regular meetings and advocacy occurring
5.10	IYCC	1. Re-establish the Youth Advisory Group meetings 2. Review and action the IYCC Plan	1. Monthly 2. Ongoing	1. Community Services Officer and Youth Officer 2. Community Services Officer, Community and YAG Group members	1. Minutes of meetings 2. Set up working groups In progress Successful launch of the YAG shop and product lines
5.11	Language and Culture	1. Co-ordination of the project	1. Ongoing	1. Community Services Manager and Community Services Officer	1. Minutes of meetings 2. Set up of working group In progress Grant to be expended by 30 June 2024

On track

Delays expected

Off track





## Cherbourg Aboriginal Shire Council Meeting Dates for 2024

<i>Month</i>	<i>Floater Meeting</i>	<i>Ordinary - Monthly Meeting</i>
<i>January</i>	<i>3 January</i>	<i>17 &amp; 18 January</i>
<i>February</i>	<i>7 February</i>	<i>21 &amp; 22 February</i>
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<i>April</i>	<i>3 April</i>	<i>17 &amp; 18 April</i>
<i>May</i>	<i>1 May</i>	<i>15 &amp; 16 May</i>
<i>June</i>	<i>5 June</i>	<i>19 &amp; 20 June</i>
<i>July</i>	<i>3 July</i>	<i>17 &amp; 18 July</i>
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<i>November</i>	<i>6 November</i>	<i>20 &amp; 21 November</i>
<i>December</i>	<i>4 December</i>	<i>18 &amp; 19 December</i>

*“Many Tribes One Community”*

# Annual report checklist

## For Queensland councils governed by the Local Government Act 2009 (LGA) and Local Government Regulation 2012 (LGR)

Requirement	Reference	✓
<b>Timing</b>		
Council must prepare an annual report for each financial year and:		
<ul style="list-style-type: none"> <li>adopt it within one month after the day the auditor-general gives their audit report about council's financial statements for the financial year to council, (unless the Minister, by notice to the council, extends this time); and</li> </ul>	LGR s182(2) & (3)	
<ul style="list-style-type: none"> <li>publish the report on council's website within two weeks of adoption.</li> </ul>	LGR s182(4)	
<b>Content</b>		
The annual report must:		
<ul style="list-style-type: none"> <li>contain a list of all the beneficial enterprises that the local government conducted during the financial year</li> </ul>	LGA s41	
<ul style="list-style-type: none"> <li>contain a list of all the business activities that the local government conducted during the financial year</li> </ul>	LGA s45(a)	
<ul style="list-style-type: none"> <li>identify the business activities that are significant business activities</li> </ul>	LGA s45(b)	
<ul style="list-style-type: none"> <li>state whether or not the competitive neutrality principle was applied to the significant business activities, and if the principle was not applied, the reason why it was not applied</li> </ul>	LGA s45©	
<ul style="list-style-type: none"> <li>state whether any of the significant business activities were not conducted in the preceding financial year, i.e. whether there are any new significant business activities.</li> </ul>	LGA s45(d)	
The annual report must state:		
<ul style="list-style-type: none"> <li>the total of all remuneration packages that are payable (in the year to which the annual report relates) to the senior management of the local government</li> </ul>	LGA s201(1)(a)	
The senior management, of a local government, consists of the chief executive officer and all senior executive employees of the local government.		
<ul style="list-style-type: none"> <li>the number of employees in senior management who are being paid each band of remuneration</li> </ul>	LGA s201(1)(b)	
Each band of remuneration is an increment of \$100,000.		
There is no requirement to disclose the exact salary of any employee in senior management separately in the annual report.		



Requirement	Reference	✓
<b>Content continued.</b>		
The annual report must contain:		
• the general purpose financial statement for the financial year, audited by the auditor-general	LGR s183(a)	
• the current-year financial sustainability statement for the financial year, audited by the auditor-general	LGR s183(b)	
• the long term financial sustainability statement for the financial year	LGR s183©	
• the auditor-general's audit reports about the general purpose financial statement and the current year financial sustainability statement	LGR s183(d)	
• the community financial report for the financial year	LGR s184	
• a copy of the resolutions made during the financial year under s250(1) of the LGR (adoption of an expenses reimbursement policy); and	LGR s185(a)	
• a list of any resolutions made during the financial year under s206(2) of the LGR (threshold for non-current physical asset to be treated as an expense)	LGR s185(b)	
In relation to councillors, the annual report must contain:	LGR s186	
• the total remuneration, including superannuation contributions, paid to each councillor during the financial year	LGR s186(a)	
• the expenses incurred by, and the facilities provided to, each councillor during the financial year under the local government's expenses reimbursement policy	LGR s186(b)	
• the number of local government meetings that each councillor attended during the financial year	LGR s186©	
• the total number of the following during the financial year:	LGR s186(d)	
a. orders made under section 150I(2) of the LGA	LGR s186(d)(i)	
b. orders made under section 150AH(1) of the LGA	LGR s186(d)(ii)	
c. decisions, orders and recommendations made under section 150AR(1) of the LGA	LGR s186(d)(iii)	
• each of the following during the financial year:	LGR s186(e)	
a. the name of each councillor for whom a decision, order or recommendation under section 150I(2), 150AH(1) or 150 AR(1) of the LGA was made	LGR s186 (e) (i)	
b. a description of the unsuitable meeting conduct, inappropriate conduct or misconduct engaged in by each of the councillors;	LGR s186 (e) (ii)	
c. a summary of the decision, order or recommendation made for each councillor;	LGR s186 (e) (iii)	

Requirement	Reference	✓
<b>Content continued</b>		
For councillors, the annual report must also contain the number of each of the following during the financial year:		
<ul style="list-style-type: none"> <li>complaints referred to the assessor under section 150P(2)(a) of the LGA by the local government, a councillor of the local government or the chief executive officer of the local government</li> </ul>	LGR s186 (1)(f)(i)	
<ul style="list-style-type: none"> <li>matters, mentioned in section 150P(3) of the LGA, notified to the Crime and Corruption Commission</li> </ul>	LGR s186 (1)(f)(ii)	
<ul style="list-style-type: none"> <li>notices given under section 150R(2) of the LGA</li> </ul>	LGR s186 (1)(f)(iii)	
<ul style="list-style-type: none"> <li>notices given under section 150S(2)(a) of the LGA</li> </ul>	LGR s186 (1)(f)(iv)	
<ul style="list-style-type: none"> <li>decisions made under section 150W(1)(a), (b) and (e) of the LGA</li> </ul>	LGR s186 (1)(f)(v)	
<ul style="list-style-type: none"> <li>referral notices accompanied by a recommendation mentioned in section 150AC(3)(a) of the LGA</li> </ul>	LGR s186 (1)(f)(vi)	
<ul style="list-style-type: none"> <li>occasions information was given under section 150AF(4)(a) of the LGA</li> </ul>	LGR s186 (1)(f)(vii)	
<ul style="list-style-type: none"> <li>occasions the local government asked another entity to investigate, under chapter 5A, part 3, division 5 of the LGA for the local government, the suspected inappropriate conduct of a councillor</li> </ul>	LGR s186 (1)(f)(viii)	
<ul style="list-style-type: none"> <li>applications heard by the conduct tribunal                             <ul style="list-style-type: none"> <li>a. under chapter 5A, part 3, division 6 of the Act about whether a councillor engaged in misconduct or inappropriate conduct.</li> </ul> </li> </ul>	LGR s186(1)(f)(ix)	
In relation to administrative action complaints the annual report for a financial year must contain:		
<ul style="list-style-type: none"> <li>a statement about the local government's commitment to dealing fairly with administrative action complaints; and</li> </ul>	LGR s187(1)(a)	
<ul style="list-style-type: none"> <li>a statement about how the local government has implemented its complaints management process, including an assessment of the local government's performance in resolving complaints under the process</li> </ul>	LGR s187(1)(b)	
<ul style="list-style-type: none"> <li>the number of the following during the financial year                             <ul style="list-style-type: none"> <li>a. administrative action complaints made to the local government;</li> </ul> </li> </ul>	LGR s187(2)(a)	
<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>b. administrative action complaints resolved by the local government under the complaints management process;</li> </ul> </li> </ul>	LGR s187(2)(a)(ii)	
<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>c. administrative action complaints not resolved by the local government under the complaints management process; and</li> </ul> </li> </ul>	LGR s187(2)(a)(iii)	
<ul style="list-style-type: none"> <li>the number of administrative action complaints not resolved by the local government under the complaints management process that were made in a previous financial year.</li> </ul>	LGR s187(2)(b)	



Requirement	Reference	✓
<b>Content continued</b>		
The annual report for a financial year must contain the following information about any overseas travel made by a councillor or local government employee in an official capacity during the financial year:		
• for a councillor - the name of the councillor	LGR s188(1)(a)	
• for a local government employee – that person's name and position held	LGR s188(1)(b)	
• the destination of the overseas travel	LGR s188(1)(c)	
• the purpose of the overseas travel	LGR s188(1)(d)	
• the cost of the overseas travel.	LGR s188(1)(e)	
The annual report may also contain any other information about the overseas travel the local government considers relevant.	LGR s188(2)	
The annual report for a financial year must contain:		
• a summary of the local government's expenditure for the financial year on grants to community organisations	LGR s189(1)	
• the following information about the local government's discretionary funds—	LGR s189(2)	
a. the total amount budgeted for the financial year as the local government's discretionary funds;	LGR s189(2)(a)	
b. the prescribed amount (0.1% of the local government's revenue from general rates for the previous financial year) for the local government for the financial year;	LGR s189(2)(b) LGR s201B(5)	
c. the total amount of discretionary funds budgeted for the financial year for councillors to allocate for each of the following purposes:	LGR s189(2)(c)	
i. capital works of the local government that are for a community purpose	LGR s189(2)(c)(i)	
ii. other community purposes;	LGR s189(2)(c)(ii)	
d. the amount of discretionary funds budgeted for use by each councillor for the financial year;	LGR s189(2)(d)	
e. if a councillor allocates discretionary funds in the financial year:	LGR s189(2)(e)	
i. the amount allocated; and	LGR s189(2)(e)(i)	
ii. the date the amount was allocated; and	LGR s189(2)(e)(ii)	
iii. the way mentioned in section 202(1) in which the amount was allocated; and	LGR s189(2)(e)(iii)	
iv. if the amount was allocated to a person or organisation—the name of the person or organisation to whom the allocation was made; and	LGR s189(2)(e)(iv)	
v. the purpose for which the amount was allocated, including sufficient details to identify how the funds were, or are to be, spent.	LGR s189(2)(e)(v)	



Requirement	Reference	✓
Content continued		
The annual report for a financial year must also contain the following information:	LGR s190(1)	
• the chief executive officer's assessment of the local government's progress towards implementing its 5-year corporate plan and annual operational plan	LGR s190(1)(a)	
• particulars of other issues relevant to making an informed assessment of the local government's operations and performance in the financial year	LGR s190(1)(b)	
• an annual operations report for each commercial business unit, which means a document that contains the following information for the previous financial year:	LGR s190(1)(c)	
o information that allows an informed assessment of the unit's operations, including a comparison with the unit's annual performance plan	LGR s190(2)(a)	
o particulars of any changes made to the unit's annual performance plan for the previous financial year, including the impact the changes had on the unit's financial position, operating surplus or deficit and prospects.	LGR s190(2)(b)&(c)	
o particulars of any directions the local government gave the unit.	LGR s190(2)(d)	
• details of any action taken for, and expenditure on, a service, facility or activity:	LGR s190(1)(d)	
o supplied by another local government under an agreement for conducting a joint government activity	LGR s190(1)(d)(i)	
o for which the local government levied special rates or charges for the financial year;	LGR s190(1)(d)(ii)	
• the number of invitations to change tenders under section 228(7) of the LGR during the financial year;	LGR s190(1)(e)	
• a list of the registers kept by the local government;	LGR s190(1)(f)	
• a summary of all concessions for rates and charges granted by the local government;	LGR s190(1)(g)	
• the report on the internal audit for the financial year;	LGR s190(1)(h)	
• a summary of investigation notices given in the financial year under S49 of the LGR for competitive neutrality complaints;	LGR s190(1)(i)	
• the local government's responses in the financial year on the QCA's recommendations on any competitive neutrality complaints under S52(3) of the LGR.	LGR s190(1)(j)	

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# Minutes - Audit and Risk Committee

## Cherbourg Aboriginal Shire Council

Friday 27 October 2023

Cherbourg Council Chambers and Online via Teams

The meeting opened at 10am.

### Attendees

#### Audit and Risk Committee Members

Scott Mead – Independent member and Chairperson

Mayor Elvie Sandow

Deputy Mayor Tom Langton

#### Council Observers

Chatur Zala – CEO

Dol Ranabaht – Accountant

Brett de Chastel – Council Advisor

Tony Brett – Financial Advisor to Council

#### Auditors

Erin Neville-Stanley – Partner KPMG and Ryan Lindwall KPMG (via Teams)

Jessica Rossouw and Michael Claydon – Queensland Audit Office (via Teams)

Ziggy Kapera – Pro Bono Internal Audit from Sunshine Coast Regional Council (via Teams)

**Apologies** - Mark Pitt – Independent member, Sam Murray – Manager of Corporate Services and Sean Nicholson – Manager of Economic and Community Development





### **1. Meeting Opening and Welcome.**

The Chairperson Scott Mead opened the meeting and noted that Independent member Mark Pitt was an apology for the meeting.

The Chairperson welcomed everyone to the final meeting of the Council's Audit and Risk Committee for 2023.

### **2. Minutes of the previous meeting**

The minutes of the meeting held on 25 August 2023 were noted.

**Moved:** Cr Tom Langton

**Seconded:** Mayor Elvie Sandow

*That the minutes of the Audit and Risk Committee meeting held on 25 August 2023 be adopted as true and correct.*

**Carried unanimously.**

### **3. Matters arising from previous Minutes**

- Brett advised that there were no outstanding issues from the previous meeting.
- No other issues were identified for further consideration.

### **4. External Audit Update incorporating the Auditors closing report**

Erin presented the QAO closing report. The audit process went well this year with good cooperation and support from staff. The auditor advised that additional work was done on the housing valuation (looking at the impact of depreciation). It was also noted that the grant register had improved but this matter was left open as there were some more opportunities to improve the register which will be looked at again by the auditors next year. The issue with the payroll for employee expenses has been fixed.

The QAO advised that one of the impacts of increased depreciation for housing (a \$6 million increase in depreciation in one year) is that the operating surplus ratio has drastically declined. This will mean that the risk profile of Council in terms of financial sustainability will move from moderate to high.

A discussion ensued on the impact of movements in valuation of assets that the Council is required to maintain but is dependent upon third-party grants to fund that asset renewal. It was noted that the introduction of 9 new financial sustainability indicators from next year will assist in providing a more rounded view of the Council's financial and sustainability position.

The QAO advised that it will also publish the results of the financial maturity level in their annual report to Council. Cherbourg continues to improve its level of financial maturity.

**Moved:** Scott Mead

**Seconded:** Cr Tom Langton

*That The Audit and Risk Committee receive and note the final management letter from the external auditors and refer the final audit outcome to the Council for information.*

**Carried unanimously**

## **5. 2022/23 Financial Statements**

Dol presented the final financial statements for the 2022/23 financial year. The CEO thanked Dol and the finance team for their exemplary work in having the financial statements completed within the statutory timeframes. It was also noted that Dol undertook this work while finalising his CPA exams. The management letter in support of the financial statements was also reviewed and noted.

The issue of the impact of increased depreciation due to the housing revaluation was discussed further. It was noted that the key focus should be on continuing to improve our asset management plans and that further work will be done on this in the next few months.

**Moved:** Cr Tom Langton

**Seconded:** Mayor Elvie Sandow

*That the 2022/23 financial statements for the Cherbourg Aboriginal Shire Council be endorsed and referred to the Council for formal adoption.*

**Carried unanimously.**

## **6. Review of proposed meeting schedule and meeting program for 2024**

Brett provided an outline of the proposed meeting agendas for 2024. It is proposed to hold meetings in February, May, August and October. This takes account of the election period. It was noted that the proposed program is based on the issues recommended by the QAO for an Audit and Risk Committee.

The following additional items were proposed for the future agendas:-

- A. include the QAO report on water quality in Queensland local governments in the May 2024 agenda. This reflects the fact that Cherbourg is one of the 6 councils included in that review and the QAO report should be available for that meeting.
- B. Include asset management planning as a future agenda item. This can look at the outcomes of the QAO report into asset management in local government, identify whether or not we have any gaps in our current approach to asset management and receive an update on the detailed review of our assets etc.

Brett was requested to include these items in the agenda program for the 2024 meetings.



## **7. Annual Review of Audit and Risk Committee performance – results of evaluation**

The results of the survey of the Audit and Risk Committee were reviewed. It was noted that committee was performing well and positive feedback was provided on its first 18 months of operation. The committee discussed the need to build local capacity to support the long-term operations of the Audit and Risk Committee. At present, the committee is dependent upon the Council Advisor for its operations and it would be good to have a local staff member understudy the Audit and Risk Committee processes to learn that function over the coming years. The CEO agreed to identify a staff member to undertake that role and for that staff member to work with Brett to learn about Audit and Risk Committee processes.

**Moved: Mayor Elvie Sandow**

**Seconded: Cr Tom Langton**

*In relation to the review of the Audit and Risk Committee after 18 months of operation:-*

- A. It is noted that the feedback has been positive in terms of the Committee's operation and progress; and*
- B. Request the CEO to work with the Council Advisor to identify local staff who can assist in the Audit and Risk Committee process to transfer skills and knowledge to those staff.*

**Carried unanimously**

## **8. Annual review of Audit and Risk Committee Charter**

Following the review of the Audit and Risk Committee operations, it was appropriate to review the Charter after 18 months of operation to see if there was any need for changes. The Committee was generally happy with the Charter and the QAO suggested some minor changes:-

- It was suggested that the Charter should make clear that the Chairperson will always be one of the independent members;
- include as one of the roles of the CEO, a requirement that the CEO provide relevant access to staff for audit purposes; and
- clarify that in rare circumstances, it may be appropriate for the minutes of the Audit and Risk Committee to be confidential at the Council meeting (for example if it contained details of any confidential investigations etc).

The committee agreed with the suggested changes.

**Moved: Scott Mead**

**Seconded: Cr Tom Langton**

*That in relation to the Charter for the Audit and Risk Committee, the Council Advisor be requested to update the Charter to reflect the minor changes suggested by the Queensland Audit Office.*

Carried unanimously

#### **9. Development of Audit Register for the Audit and Risk Committee**

The Council Advisor provided a draft template proposed for keeping track of all of the audit recommendations made by both external and internal audit in relation to Cherbourg Council. This would enable the committee to stay up-to-date with progress in implementing those audit recommendations. The template format will be included on future committee agendas.

The QAO provided some suggestions for improving the proposed template including (i) detailing which staff member is responsible for each issue (ii) identifying a proposed completion date for each issue and (iii) including recommendations from any other generic audits (e.g. audit on asset management for local government, water quality audit etc) that are relevant to Cherbourg Council.

These changes will be included in the audit register and the next meeting will include this register.

#### **10. Review by the Council Advisor on Council's compliance with Local Government Act policies**

Deferred to next meeting.

#### **11. CEO Update**

The CEO provided an update to the meeting. Key issues were:-

- the annual report is being finalised and will be presented to the Council on 15 November for adoption which will meet the statutory deadline. A copy will be provided to the Audit and Risk Committee members for information.
- The CEO thanked finance staff for their efforts in managing the Council's finances and statutory compliance. He also acknowledged Dol's recent completion of his CPA exams.
- The business case for the new administration building should be completed in the next few weeks and will be reviewed by the steering committee. We're looking to go to tender stage in 2024.

#### **12. General Business and agenda for next meeting**

The pro bono Internal Auditor noted that the audit of Council's management of grants will commence next week. He will provide an information request on Monday to Sean



and DoI and will be visiting the Council on Thursday next week. The intent is to finalise the internal audit report by the end of December and this will be presented to the next meeting of the Audit and Risk Committee.

It was agreed that the next Audit and Risk committee will be held in February 2024. The Council Advisor will circulate potential dates to members for their diaries.

**Meeting closed at 11.10am.**



## 2023 CLOSING REPORT

# Cherbourg Aboriginal Shire Council

25 October 2023

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## SENSITIVE

Zala Chatur  
Chief Executive Officer  
Cherbourg Aboriginal Shire Council

Dear Mr Chatur

### 2023 Closing report

We present our closing report for Cherbourg Aboriginal Shire Council for the financial year ended 30 June 2023. It includes the results of our audit, identified audit misstatements, and other matters.

Our audit was conducted in accordance with our external audit plan issued on 16 February 2023. We confirm that up to the date of this report, we have maintained our independence obligations in relation to our conduct of this audit.

### Expected opinion

We expect to issue an unmodified opinion on the financial statements. Our audit opinion is subject to completion of our audit. We have included the key outstanding matters to be finalised below, and will provide an update on these matters at the Audit and Risk committee meeting.

### Financial statement maturity

We have rated your financial statement preparation maturity as established. Please refer to section 5 *Financial statement maturity* for further details.

### Control environment

In our interim report, we assessed that your internal control environment does not support an audit strategy where we can rely upon your entity's controls. We have confirmed that there has been no change to our initial assessment. Please refer to section 4 *Status of issues* for further details.

### Materiality \$206,000

Increase of \$63,000 to planning materiality as communicated in the External Audit Plan.

### Estimated final fees

\$68,120

### Outstanding matters

Item	Responsibility
Finalisation of audit and review procedures in relation to salary expenses, grant and sales revenue and pending queries with the valuers in relation to housing valuations.	Management and Audit
Financial statements review – quality check over final version	Audit
Subsequent events update – review of transactions and events to date of signing	Management and Audit
Management representation letter – to be signed with the financial statements	Management
Financial report certification – signing of the financial statements by management	Management and Audit



QAO is keen to hear your views about the audit services we provide and will seek your feedback via an online survey. This survey will help us understand what is working well and where there are opportunities for us to improve our engagement with you.

Thank you for your time this year, it has been a pleasure to work with you. If you have any questions or would like to discuss this report, please contact me on 07 3225 6839, Ryan Lindwall on 07 3233 9452 or Sam Barnes on 07 3233 3255.

Yours sincerely



Erin Neville-Stanley  
Engagement Partner

Enc.

cc. Elvie Sandow, Mayor  
Scott Mead, Chair of the Audit and Risk Committee

**SENSITIVE**

# 1. Insights and financial statements overview

## Key insights

A comparison of Cherbourg Aboriginal Shire Council's financial results and balances against the current year's budget (revised in March 2023 as part of reforecast) is highlighted below.

## Statement of comprehensive income

Classes of transactions, account balances or disclosures	Change (compared to revised budget)	Key drivers
Recurrent revenue \$13.8 million	\$0.4 million 2.9%	Not deemed a significant movement.
Capital Revenue \$0.8 million	\$(1.2)million (66.7)%	Key drivers relate to a housing project which didn't commence in the FY23 year due to a lack of housing contractors available to commence new constructs, budgeted at \$1m. The remainder of the adverse variance to budget relates to \$300k less revenue earned for QRA grant.
Recurrent Expenses \$22.6 million	\$0.6 million 2.7%	Not deemed a significant movement.
Capital Expenses \$0.5million	\$0.5 million 100%	The key drivers relate to a \$0.5m increase upon reassessment of refuse restoration provision in FY23.

## Statement of financial position

Classes of transactions, account balances or disclosures	Change (compared to revised budget)	Key drivers
Current Assets \$12.0 million	\$1.6 million 13.3%	A \$2.2m increase in cash and cash equivalents offset by a \$1m decrease in other assets (including contract assets)
Non-current Assets \$208.9million	\$12.3 million 5.9%	The key driver is the uplift across housing, building and infrastructure asset classes subject to indexation revaluation review in FY23.
Current Liabilities \$4.6 million	\$0.6 million 13.0%	Increase primarily attributable to an increase to budget of \$3.1m in contract liabilities.
Non-current Liabilities \$3.8million	\$0.5 million 13.2%	Increase attributable to refuse restoration provision re-assessment as mentioned in capital expenses above.

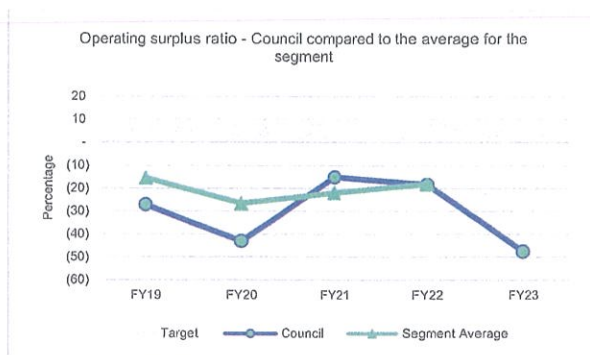
**SENSITIVE**

## 2. Financial sustainability assessment

Below we detail our assessment of your financial sustainability, based on the 3 ratios that councils are required to report under the local government regulation. Our assessment of your council's overall financial sustainability risk is **moderate risk**.

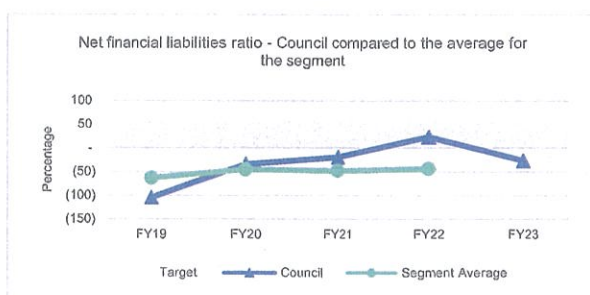
Refer to section 9 *Assessment of financial sustainability* for guidance on how we calculate these ratios and our financial sustainability risk rating definitions.

### Operating surplus ratio



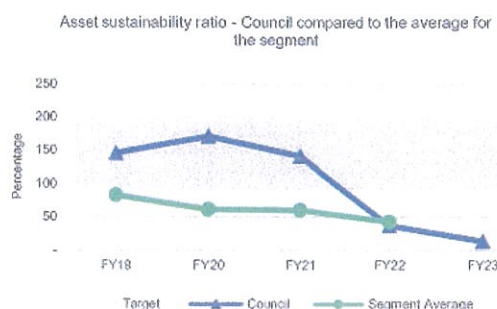
Cherbourg Aboriginal Shire Council's 5-year average operating ratio is -30.16 per cent. This is outside the target range. FY23 operating surplus ratio has been significantly impacted by an increase in depreciation as a result of FY22 comprehensive revaluations.

### Net financial liabilities ratio



Cherbourg Aboriginal Shire Council's net financial liabilities ratio as at 30 June 2023 is -26.29 per cent. This is below the target range, but is noted above the segment average and reflects Council not having any external debt.

### Asset sustainability ratio



Cherbourg Aboriginal Shire Council's average asset sustainability ratio is 101.70 per cent. This is within the target range, however, is trending downwards with managements long term forecast showing consistently below target.



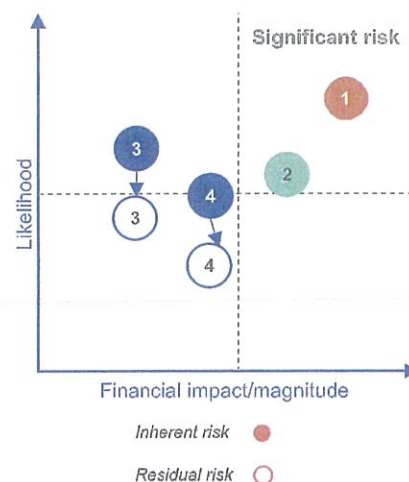
### 3. Audit conclusions

#### Areas of audit focus

Our external audit plan identified items that present the greatest risk of material error to the financial statements.

This chart displays the inherent risk for the identified areas of audit focus, and the financial impact (magnitude).

Our overall conclusions on these areas of audit focus are outlined in the table below.



Risk	Description of risk	Audit conclusion
1	<b>Valuation of property, plant and equipment</b> <ul style="list-style-type: none"> <li>Property, plant and equipment is the most material balance in the financial statements at \$209 million.</li> <li>Valuation involves significant estimates and judgements</li> <li>Infrastructure assets generally have long lives which require significant estimation.</li> </ul>	<b>Testing performed</b> <p>All asset categories measured at fair value have been valued by an external valuer using indices.</p> <p>We have substantially completed our audit procedures in relation to the assessment of the fair values as at 30 June 2023. Our work included:</p> <ul style="list-style-type: none"> <li>Evaluating the competence, capabilities and objectivity of the external valuers and other external experts used by Council;</li> <li>Reading the reports of the external independent valuer and evaluating their conclusions for consistency with our understanding of the assets, environmental conditions and other information available to us;</li> <li>Testing the relevance and reliability of indices utilised; and</li> <li>Reconciling the valuers report to the amounts recorded in the financial statements.</li> <li>Assess appropriateness of the useful life assumptions used in the calculation of depreciation</li> <li>Ensure disclosures comply with Australian Accounting Standards including specific requirements for not-for-profit entities.</li> </ul> <b>Results and conclusion</b> <p>Based on the results of the procedures performed to date, the audit evidence obtained does not indicate that the balance is materially misstated however we have several pending questions with the valuers. Further details noted below.</p> <p>In respect to the index valuations, the external valuation was completed based on indices available at 31 March 2023. Given the increases in infrastructure costs and associated indices to 30 June 2023, KPMG assessed the impact using June 2023 actuals and conclude an increase in fair value of \$2m would be required.</p>

Risk	Description of risk	Audit conclusion
		<p>This adjustment has not been recorded in the financial statements as management have assessed this difference to not be material to the carrying value of property, plant and equipment and the asset revaluation reserve. We agree with this assessment and have recorded this as a judgmental uncorrected audit difference.</p> <p>We have also raised a \$0.6m adjustment relating to management 'disposing' of an asset in 2023 in the fixed assets register that was demolished and fully written down in 2019. The asset appeared to be duplicated by the valuer and re-valued to full cost in the 2022 comprehensive valuation. Given the 2022 impact of this is balance sheet only (i.e., Dr PPE, Cr Revaluation Reserve) we propose no prior year adjustment given it was less than PPE Valuation materiality and corrected in FY23. We have raised an uncorrected audit misstatement to reclassify the loss recognised on disposal in FY23 in the profit or loss to the asset revaluation reserve. We propose management perform a comprehensive review of their fixed asset register to prevent such re-occurrence.</p> <p>In response to this finding, we performed further analysis to consider any other high value housing assets. We have raised additional queries with the valuer and at the date of this report, responses are pending. Should further errors be identified, we expect any impact would largely be balance sheet only with a lesser impact on depreciation. An update will be provided in the meeting.</p> <p>Refer to section 8 for further details</p>
2	<b>Revenue Recognition</b>	<b>Testing performed</b>
	<ul style="list-style-type: none"> <li>Revenue recognition depends on the specific terms and conditions applicable to the grants</li> <li>Grants are a material revenue stream for Council</li> <li>Risk of fraud in revenue recognition</li> </ul>	<p>Our work included:</p> <ul style="list-style-type: none"> <li>Evaluating management's application of AASB 15 and AASB 1058 including assessing the relevant assumptions and judgments applied to contractual revenues;</li> <li>testing the completeness and accuracy of the grants register;</li> <li>substantively testing revenue streams to supporting documentation and tested year end cut-off; and</li> <li>Assessed the appropriateness of the disclosures in the financial statements</li> </ul> <p><b>Results and conclusion</b></p> <p>Based on the results of the procedures performed to date, audit evidence obtained does not indicate that the balance is materially misstated. A verbal update will be provided in the meeting on finalisation of our audit procedures.</p>
3	<b>Completeness, existence and accuracy of employee expenses</b>	<b>Testing performed</b>
	<ul style="list-style-type: none"> <li>Employee benefits represent approximately 33% of total expenses</li> </ul>	<ul style="list-style-type: none"> <li>Tested accuracy of employee master file data and salary and wage calculations</li> <li>Performed predictive substantive analytical procedures over employee related expenses</li> <li>Tested calculations and inputs used for employee benefit provisions</li> </ul>

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Risk	Description of risk	Audit conclusion
		<b>Results and conclusion</b> Based on the results of the procedures performed to date, we have not obtained any audit evidence that suggests employee expenses are materially misstated as at 30 June 2023. We are pending a few employee contracts and timesheets to finalise our testing over wages and salaries.
4	<b>Completeness, existence and accuracy of purchases of goods and services</b> <ul style="list-style-type: none"> <li>Undertakes large projects where legislative requirements guide tendering and probity processes</li> <li>Increase in vendor fraud attacks across Queensland</li> </ul>	<b>Testing performed</b> <ul style="list-style-type: none"> <li>Tested cut-off and unrecorded liabilities to ensure completeness of the expenditure</li> <li>Selected a sample of expenses and traced through to invoice and payment and assessed compliance with procurement policies</li> </ul> <b>Results and conclusion</b> Based on the results of the procedures performed, we have not obtained any audit evidence that suggests expenses or payables are materially misstated.

### Other audit opinions

In conjunction with our 2022-23 audit of the Council, we will issue audit opinions on a special purpose financial report prepared for the Roads to Recovery grant acquittal. This special purpose financial report is yet to be issued at the date of this report and is due by 31 October 2023.

We also expect to perform a grant acquittal audit for funding received under the Local Roads and Community Infrastructure program. This is a Commonwealth funded program that is similar to the long-standing Roads to Recovery program with the acquittal due to the Department of Infrastructure, Transport, Regional Development, Communications and the Arts by 31 October 2023.

### Materiality

We reassessed our audit materiality thresholds based on your year-end financial statement balances, and these have changed since we communicated them in the external audit plan. We used these thresholds in finalising our audit and assessing misstatements.

<b>Overall materiality</b>	<b>\$206k</b> (per external audit plan \$143k)
<b>Performance materiality</b>	<b>\$175k</b> (per external audit plan \$122k)
<b>Clearly trivial threshold</b>	<b>\$10.3k</b> (per external audit plan \$7k)
<b>Specific – property, plant and equipment<sup>1</sup></b>	<b>\$9.8m</b> (per external audit plan \$10m)
<b>Specific clearly trivial threshold<sup>1</sup></b>	<b>\$491.7k</b> (per external audit plan \$500k)

*Note: <sup>1</sup> Specific materiality is only applicable to the valuation assertion of property, plant and equipment and to the associated asset revaluation surplus balances.*

### Evaluation of quantitative misstatements

At the date of this report, we have identified quantitative misstatements of \$593k. Management corrected these misstatements, resulting in a decrease in net assets and an increase in the operating result.

At the date of this report, we have identified quantitative misstatements of \$164k that remain uncorrected by management. If corrected, these would result in an increase to net assets and decrease to operating result.

Details of these corrected and uncorrected misstatements are included in section 8 Misstatements.

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## Evaluation of disclosure misstatements

At the date of this report, we have identified misstatements in disclosures that required correction to the financial *statements*. Management corrected these misstatement.

## 4. Details of this corrected disclosure misstatement is included in section 8 Misstatements. Status of issues

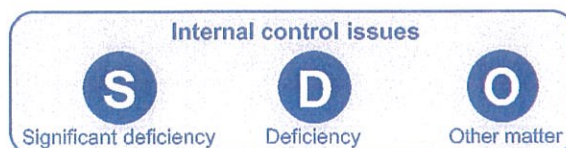
### Internal control issues

The following table identifies the number of deficiencies in internal controls and other matters we have identified. Refer to section 7 *Matters previously reported* for the status of previously raised issues.

Issues	Significant deficiencies	Deficiencies	Other matters*
Current year issues - resolved	1	-	-
Prior year issues – unresolved	-	1	-
<b>Total issues</b>	<b>1</b>	<b>1</b>	<b>-</b>

Note: \*QAO only tracks resolution of other matters where management has committed to implementing action.

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](http://www.qao.qld.gov.au/information-internal-controls) or scan the QR code.



### Financial reporting issues

This table identifies the number of financial reporting issues we raised. Refer to section 7 *Matters previously reported* for the status of previously raised financial reporting issues.

Year and status	High risk	Moderate risk	Low risk
Current year issues	-	-	-
Prior year issues – resolved	-	1	-

Our risk 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](http://www.qao.qld.gov.au/information-internal-controls) or scan the QR code.



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## 5. Financial statement maturity

### Financial statement preparation maturity assessment

In the 2021 financial year, management had self-assessed its financial statement process using the maturity model. Council had self-assessed its processes to be between established and integrated.

This year, we have reviewed the entity's assessment using a combination of inquiry, observation, and review of the internal processes. Our review identified that council's self-assessed scores and level of maturity were appropriate. Council's maturity level based on our review is established.

The following table sets out the range (arrow) and average (dot) responses for your entity's financial statement preparation process for each component for the 2023 financial year. It also provides a comparison to the 2021 assessment.

Component	Financial year	Developing	Established	Integrated	Optimised
Quality month-end processes	2021		← ● →		
	2023		← ● →		
Early financial statement close process	2021		← ● →		
	2023		← ● →		
Skilled financial statement preparation and use of technology	2021	← ● →			
	2023	← ● →			
Resolution of financial reporting matters	2021		← ● →		
	2023		← ● →		

*The financial statement maturity levels reported in this closing report will also be reported in our upcoming report to parliament on the results of local government audits.*

We identified the following key strengths and opportunities to improve based on the 2023 assessment:

#### Key strengths

- Good quality pro-forma financial statements with evidence of disclosures being tailored.
- Good consultation with external audit on financial reporting matters and review processes. There is on-going discussions with external audit on financial reporting improvement, financial reporting issues, new accounting standards and papers.
- Valuations completed prior to year-end

#### Improvement opportunities

- Improvements to format of management papers to present a consistent structure to support management's position on issues identified throughout the year.
- Consider opportunity for areas where an early close approach can be adopted



## 6. Other required information

We are required to report certain matters to those charged with governance. The table below provides a summary of the matters we usually communicate at the end of our audit.

Matters for QAO to consider	How these were addressed
Disagreements with management	During our audit, we received full cooperation from management and had no unresolved disagreements over the application of accounting principles and the scope of our audit.
Significant difficulties	We did not encounter any significant difficulties
Compliance with laws and regulations	We did not identify any instances of non-compliance with laws and regulations having a material effect on the financial report.
Matters significant to related parties	We did not identify any significant matters relating to related parties during the audit.
Changes to accounting policies	We confirm there were no material changes to accounting policy information during the period.
Other matters significant to the oversight of the financial reporting process	We did not identify any significant matters relating to the financial reporting process during the audit.
Fraud and illegal acts	<p>We enquired of management regarding:</p> <ul style="list-style-type: none"> <li>• knowledge of any fraud or suspected or alleged fraud affecting the entity involving management, employees who have significant roles in internal control, or others where fraud could have a material effect on the financial report</li> <li>• knowledge of any allegations of fraud, or suspected fraud, affecting the financial information.</li> </ul> <p>In addition to the above enquiries, we have also undertaken certain testing that we had detailed in our external audit plan and we are not aware of any fraud or illegal acts during our audit.</p>
Written representations we are requesting	We are required to obtain written representations from management, and where appropriate, those charged with governance. Our requested written representations are included with this report. We have discussed these with management, and they are comfortable to make these representations. Those charged with governance should also make appropriate enquiries of management to be satisfied with the written representations made.
Other information in the entity's annual report	We have not yet performed audit procedures to verify the other information in the entity's annual report as required by Australian Auditing Standard ASA 720 <i>The Auditor's Responsibilities Relating to Other Information</i> . Our review will examine whether financial and non-financial information in the annual report are consistent with the financial report.



## 7. Matters previously reported

The following table summarises control deficiencies, financial reporting issues and other matters that we previously reported this year in our interim report and unresolved issues we raised in prior years.

Ref.	Rating	Issue	Status and comment
23CR-1	<b>S</b>	<p><b>Controls for ensuring employee pay rates are accurately reflected</b></p> <p>Council does not have an effective control in place to update pay rates in the system where there are required changes in employee pay rates. Changes may be required when new Enterprise Bargaining Agreements (EBA) become effective or when there are changes in employee positions. This has led to employee pay rates not being appropriately updated as of 1 September 2022 when an updated EBA was effective, which has resulted in an underpayment of wages of approximately \$96K to date impacting 114 employees. Back payment to these employees was made on 28 June 2023.</p> <p>In addition to the above, it was also identified that 2 employees were paid the incorrect rate due to payroll not being notified of changes in employee positions. This resulted in an underpayment of wages of \$13k. Back payment to these employees was made in July 2023.</p> <p>Employees may continue to be underpaid by the council going forward. This could result in reputational damage for the Council and loss of trust from the community. It may also lead to issues around non-compliance with the relevant EBA's that are in place.</p> <p>The responsibility to update payrates in the system should be assigned to an appropriate individual. Before any change go live, they should be checked back to the updated EBA/contracts for accuracy by a person independent person to the preparer. Evidence of this review should be retained for audit purposes.</p> <p>A process should also be put in place whereby changes in employee positions which may prompt a change in pay rate be communicated to payroll on a regular basis to ensure the correct rates are being applied and paid to the employee.</p>	<p>Resolved</p> <p>Council have assigned the responsibility to update pay rates to a designated individual, Hanny Rooyackers (HR Manager). Furthermore only Hanny and Dol Ranabhat have access to this change, with Dol able to provide an independent check to source documentation ensuring pay rates are accurately reflected in the system.</p> <p>The remediation of the issue, the backpay, was calculated systematically removing the risk of manual error. Hanny has performed a sample test of these calculations and noted no discrepancies. Total back pack amount has been reviewed and authorised by Finance Manager and CEO.</p> <p>Responsible officer: Sam Murray (Corporate Services Manager)</p> <p>Action date: 14 July 2023</p>
21CR-1	<b>D</b>	<p><b>Controls for Tracking of Grant Revenue Obligations</b></p> <p>Based on our assessment of Councils' Grant Register, we recommend a control is established to ensure performance obligations are documented in the register and revenue recognised in accordance with identified performance obligations.</p>	<p>Work in progress</p> <p>Whilst Council have designed and implemented a grants register it has been identified through our review that additional procedures are required to ensure completeness of this register. When the register was provided there were two grants not included that should have been.</p> <p>Furthermore it was noted that Council were maintaining multiple registers for various months.</p>

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Ref.	Rating	Issue	Status and comment
			Recommendation for Council to maintain one register only as a rolling document. Responsible officer: Sam Murray (Corporate Services Manager) Action date: 30 June 2024 (revised)
22CR-1	<b>M</b>	<b>Provision for refuse restoration</b> Council have used a 2019 external specialist report as a basis for recording the refuse restoration provision at 30 June 2022 and changes in interest rates and inflation may have an impact on assumption and inputs used.	Resolved Council have engaged an external specialist to obtain an updated assessment of refuse restoration provision in FY23. The uplift in provision has been accurately recorded. Responsible officer: Corporate Services Manager Action date: 30 June 2023

## 8. Misstatements

### Summary of corrected quantitative misstatements

We identified the following quantitative misstatements during the audit. Management subsequently corrected these in the financial statements.

#	Details	Profit or loss Dr/(Cr)	Asset Dr/(Cr)	Liabilities Dr/(Cr)	Equity Dr/(Cr)
		\$000's	\$000's	\$000's	\$000's
1	Asset Revaluation Surplus	-	-	-	593
	Capital Expenses	(593)	-	-	-
	<i>Reversal of loss on disposal of duplicated asset</i>				
2	Other Materials and Services Expense	68	-	-	-
	Creditors and Accruals	-	-	(68)	-
	<i>FY23 expense not accrued for in 2023.</i>				
	<b>Total</b>	<b>(525)</b>	<b>-</b>	<b>(68)</b>	<b>593</b>

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## Summary of uncorrected quantitative misstatements

Our audit identified the following quantitative misstatements based on procedures performed at the date of this report. Final balances are to be confirmed, and we will provide a verbal update and revised schedule at the Audit and Risk Committee meeting. Management has assessed these misstatements as not material (either to the financial statements as a whole or to individual line item presentations). We concur with management's assessment based on procedures performed to date.

#	Details	Profit or loss Dr/(Cr)	Asset Dr/(Cr)	Liabilities Dr/(Cr)	Equity Dr/(Cr)
		\$000's	\$000's	\$000's	\$000's
1	Property, Plant and Equipment	-	2,011	-	-
	Asset Revaluation Surplus	-	-	-	(2,011)
	<i>Estimated difference in indexation from the date of indexation report to 30 June 2023</i>				
2	Materials & Services (Electricity Expense)	(63)	-	-	-
	Materials & Services (Other M&S Expense)	63	-	-	-
	<i>Projected misstatement of incorrect classification of rental expenses as electricity expenses.</i>				
3	Materials & Services (Insurance Expense)	(59)	-	-	-
	Materials & Services (Subscriptions and Advertising Expense)	59	-	-	-
	<i>Projected and factual misstatement of incorrect classification of subscription expenses as insurance expenses.</i>				
4	Materials & Services (Water & Sewerage)	(10)	-	-	-
	Retained Surplus	-	-	-	10
	<i>Projected misstatement of expenditure incurred in 2022 being recognised in 2023.</i>				
5	Operating Grants	114	-	-	-
	Trade Receivables	-	(125)	-	-
	Creditors and Accruals	-	-	11	-
	<i>Overstatement of operating grant revenue, for grant relating to the development of AI for the materials recycling facility Council incorrectly recognised under AASB15 instead of AASB1058.</i>				
6	Capital Grants	60	-	-	-
	Contract Liabilities	-	-	(60)	-
	<i>Overstatement of capital grant revenue, for grant relating to the LRCL grant Council recognised under AASB1058 instead of AASB15.</i>				
7	Trade Receivables	-	(21)	-	-
	Cash and cash equivalents	-	21	-	-
	<i>Receipt of June 23 QTC interest.</i>				

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#	Details	Profit or loss Dr/(Cr)	Asset Dr/(Cr)	Liabilities Dr/(Cr)	Equity Dr/(Cr)
		\$000's	\$000's	\$000's	\$000's
8	Trade Receivables	-	48	-	-
	Creditors and Accruals	-	-	(48)	-
	<i>Credit balances in the debtor's ledger.</i>				
	<b>Total</b>	<b>157</b>	<b>1,934</b>	<b>(97)</b>	<b>(2,008)</b>

## Summary of corrected disclosure misstatements

An incorrect value (\$468k) for the unwinding of discount rates on re-instatement provisions initially was included in the Reconciliation of net result for the year to the net cash inflow/(outflow) from operating activities (Note 16) as a fair value re-measurement item. Management corrected this disclosure difference and presented this as a non-cash item (\$84k).

The reconciliation between opening refuse restoration provision and closing position required amendment to show the increase in discount rate as a decrease to provision (\$174k) and change in cost estimates updated to capture all changes in cost (\$349k).

## 9. Assessment of financial sustainability

### Assessment of financial sustainability

Section 169(5) of the Local Government Regulation 2012 outlines the following relevant measures of financial sustainability that all Queensland local governments must report on.

Sustainability measure	Purpose	How is it measured?	Target
Operating surplus ratio	The operating surplus ratio indicates the extent to which operating revenues raised cover operating expenses.	<i>Net operating result/Total operating revenue (excluding capital items)</i>	Between 0% and 10% per annum
Net financial liabilities ratio	The net financial liabilities ratio indicates the extent to which operating revenues (including grants and subsidies) can cover net financial liabilities (usually loans and leases).	<i>(Total Liabilities—current assets)/Total operating revenue</i>	< 60% per annum
Asset sustainability ratio	The asset sustainability ratio indicates the extent to which assets are being replaced as they reach the end of their useful lives.	<i>Capital Expenditure on replacement of assets (renewals)/Depreciation</i>	> 90% per annum

We assigned a risk rating to each measure using the below criteria.

Risk rating measure for individual ratios	Operating surplus ratio	Net financial liabilities ratio	Asset sustainability ratio
Higher	Less than negative 10% (i.e. losses)	More than 80%	Less than 50%
	Insufficient revenue is	Potential long-term	Insufficient spending on asset

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Risk rating measure for individual ratios	Operating surplus ratio	Net financial liabilities ratio	Asset sustainability ratio
	being generated to fund operations and asset renewal	concern over ability to repay debt levels from operating revenue	replacement or renewal resulting in reduced service levels and increased burden on future ratepayers
Moderate	Negative 10% to zero	60% to 80%	50% to 90%
	A risk of long-term reduction in cash reserves and inability to fund asset renewals	Some concerns over the ability to repay debt from operating revenue	Irregular spending or insufficient asset management practices creating a backlog of maintenance/renewal work
Lower	More than zero (i.e. surpluses)	Less than 60%	More than 90%
	Well positioned to fund operations and asset renewals	No concern over the ability to repay debt from operating revenue	Likely to be sufficiently replacing or renewing assets as they reach the end of their useful lives

Our assessment of financial sustainability risk factors does not take into account a council's long-term forecasts or credit assessments undertaken by Queensland Treasury Corporation. We calculate the overall financial sustainability risk assessment using the ratings determined for each measure using the criteria in the table below.

Risk level	Detail of risk
Higher risk	Higher risk of sustainability issues arising in the short to medium term if current operating income and expenditure policies continue, as indicated by average operating deficits (losses) of more than 10 per cent of operating revenue.
Moderate risk	Moderate risk of sustainability issues over the longer term if current debt financing and capital investment policies continue, as indicated by: <ul style="list-style-type: none"> <li>current net financial liabilities more than 80 per cent of operating revenue or</li> <li>average asset sustainability ratio over the last 5 years is less than 50 per cent or</li> <li>average operating deficits (losses) over the last 5 years of between 2 and 10 per cent of operating revenue or</li> <li>realising 2 or more of the individual ratios for moderate risk assessments (per the table opposite).</li> </ul>
Lower risk	Lower risk of financial sustainability concerns based on current income, expenditure, asset investment and debt financing policies.

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## AUDIT AND RISK COMMITTEE CHARTER

### ***INTENT***

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The purpose of this charter is to outline the role, responsibilities, composition and operating guidelines of the Audit and Risk Committee.

### ***SCOPE***

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This Charter applies to all Audit and Risk Committee activities, Committee Members, Councillors and Staff.

### ***CHARTER STATEMENT***

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#### ***1. INTRODUCTION***

Although it is not a legislative requirement for Council to have an audit committee; it is recognised that, to assist in achieving industry best practice throughout Council operations, it is beneficial to establish an Audit Committee. To this end, Council has established an active Audit and Risk Committee

This Charter establishes the authority and responsibility conferred by Council to the Audit and Risk Committee (the Committee) and complies with Section 105(4) of the Queensland *Local Government Act 2009*:

#### ***Local Government Act 2009***

##### ***105 Auditing, including internal auditing***

- (1) *An audit committee is a committee that—*  
(a) *monitors and reviews—*

- (i) *the integrity of financial documents; and*
  - (ii) *the internal audit function; and*
  - (iii) *the effectiveness and objectivity of the local government's internal auditors; and*
- (b) *makes recommendations to the local government about any matters that the audit committee considers need action or improvement.*

The Queensland *Local Government Regulation 2012* also prescribes the composition of a local governments audit committee (s210) and the requirement to hold committee meetings (s211). This provisions of this charter comply with the requirements for an audit committee under the Queensland *Local Government Regulation 2012*.

## **2. PURPOSE**

The Audit and Risk Committee provides an independent forum where representatives of Council, independent specialists and Management work together to fulfil specific governance responsibilities as set out in this Charter.

The role and function of the Committee is to provide independent, objective assurance and advice designed to add value and improve the organisation's operations.

The Committee is an advisory body only and must keep Council fully informed of its activities.

## **3. AUTHORITY**

The Audit and Risk Committee is an advisory committee only to Council, therefore has no decision making powers or line of authority. The Committee does have full right of access to all levels of management through the Chief Executive Officer. Accordingly, the Chief Executive Officer will ensure management and staff cooperate fully with the Committee.

At all times the Committee is to maintain its independence from the day-to-day operations of the Council.

## **4. COMPOSITION OF COMMITTEE AND TENURE**

Council's four-person Audit and Risk Committee will consist of two

Councillors and Two Independent Member (Voting Members). [The Chairperson must be one of the independent members.](#) One independent member must [also](#) have significant skills and experience in financial matters.

All Committee members, including the Chair, are to be appointed by Council resolution.

The Chief Executive Officer, Corporate Services Manager and Finance Manager are invited to attend all meetings as permanent attendees; however, have no voting rights. Councillors who have not been appointed to the Committee as members may attend meetings in an observer capacity only.

Non-permanent invitees may be requested to attend Committee meetings for the purpose of providing information to the Committee.

The term of membership will be:

- for internal members (Councillors), the remainder of their term of office; and
- for the Independent Member, two years with the option for Council to appoint for a further two years and then a further option for another two years. The maximum term for an Independent Member is 6 years

## **5. OBJECTIVES**

The main objectives of the Audit and Risk Committee are to:

- (1) Assist Council in the governance of the organisation, and exercise due care, diligence and skill in relation to:
  - 1.1. the integrity of financial reporting and information;
  - 1.2. application of accounting standards and policies;
  - 1.3. financial management;
  - 1.4. accountability and internal controls;
  - 1.5. enterprise risk management practices and procedures, and risk mitigation;
  - 1.6. policies and procedures;
  - 1.7. asset management strategies; and
  - 1.8. compliance with applicable laws, regulations, standards and best practice guidelines;



- (2) Oversee the effectiveness of the internal and external audit functions;
- (3) Provide a structured reporting line for Council's internal audit function and to monitor the objectivity and independence of the internal audit function;
- (4) To review and monitor the quality of internal and external reporting of financial information;
- (5) Work with Council to embed an ethical and transparent culture at all levels of the organisation; and
- (6) Support and guidance measures to improve governance, risk and internal controls.

The Committee, having regard to the systems and processes available within Council, will be pro-active with a view to pre-empting matters of concern, with reference to governance, risk and internal controls that may become apparent.

#### ***6. RESPONSIBILITIES OF AUDIT AND RISK COMMITTEE MEMBERS***

Committee Members will at all times discharge their duties and responsibilities honestly and with objectivity and will not engage knowingly in acts or activities that have the potential to bring discredit to Council or be considered a conflict of interest.

Members also must refrain from entering into any activity that may prejudice their ability to carry out their duties and responsibilities objectively and must at all times act in a proper and prudent manner with reference to the use of information acquired in the course of their duties.

In addition to the above, a Committee member will:

- (1) contribute to the assessment and improvement of Council's corporate governance processes, including its systems of internal control, risk management and internal audit activities;
- (2) prepare for, attend and contribute (as appropriate) to all Audit and Risk Committee meetings;
- (3) review significant areas of risk to Council including internal controls, external reporting and compliance requirements, governance and probity;
- (4) review the activities of external and internal audit and provide

guidance and direction as required;

- (5) be proactive in respect to any matters that would compromise the objectivity or independence of Councillor's Internal Auditors;
- (6) periodically engage with Council's Internal Auditors and the External Auditors independent of management;
- (7) review Council's draft Internal Audit Policy, Internal Audit Charter and Annual Internal Audit Plans and, where appropriate, recommend they be adopted for implementation;
- (8) ensure recommendations, in relation to significant risk items, arising from audit sources are followed up and implemented appropriately (reasons should be obtained from management for inappropriate and untimely implementation);
- (9) verify minutes of meetings as an accurate record of Audit and Risk Committee meetings; and
- (10) refrain from making any public comment or issuing any information in any form, concerning matters of the Audit and Risk Committee or matters of interest to the Committee.

Apart from the above the Audit and Risk Committee Chair has these additional responsibilities. The Chair will:

1. provide leadership and direction to the Audit and Risk Committee including the provision of meeting structure, professionalism and efficiency;
2. ensure effective communication between the Audit and Risk Committee, Chief Executive Officer, management, External Auditors and Internal Auditors; and
3. ensure the independence and objectivity of the Audit and Risk Committee and internal audit functions is maintained.

## ***7. SELF DEVELOPMENT OF THE COMMITTEE***

Council accepts that professional development of Committee members is necessary to ensure the Committee maintains appropriate skills and competence relevant to the duties of the Committee Members. Accordingly, Council will give internal Committee members reasonable access to technical and professional development events to help them keep up to date with legislative, accounting and other relevant issues.

External members are expected to maintain their own professional self-development requirements.

### ***8. ASSESSMENT OF THE COMMITTEE AND REVIEW OF CHARTER***

Each calendar year the Committee shall complete a self-assessment process to ensure all the functions and business of the Committee are being dealt with in an efficient and effective manner.

The assessment process shall include but not be restricted to time of meetings, length of meetings, attendance at meetings, content of meetings, results of recommendations on matters discussed, achievements and a satisfaction rating of members.

The Committee shall review this Charter annually and recommend any required changes to the Council for adoption.

### ***9. MEETINGS***

The Committee will convene no less than four meetings per financial year and additional meetings may be held at the request of Council or the Committee Chair. Meetings will be held;

- Before the Financial Statements are forwarded to the Auditor General for signoff
- On issue of Management Letters by the Queensland Audit Office (both interim and final)
- In response to internal audits undertaken.

Notice of meetings will be via Councils standard meeting notice procedure. A set agenda will be prepared by the Chief Executive Officer with business papers and reports being provided to Committee Members no less than five days prior to the meeting date.

The following matters will be a standing item of each agenda;

- Update from the Queensland Audit Office
- A report on the progress on outstanding audit matters
- An Update from the CEO



A quorum shall consist of at least two voting members with at least one being an external member. Members may participate in a meeting by telephone or videoconference.

All voting members will have one vote. Members cannot abstain from a vote called by the Chair. In the instances when the vote is split, the Chair may exercise their right with a casting vote. If the Chair is absent the members present shall elect a person to preside at the meeting. The person presiding at any meeting shall have a casting vote.

A Council appointed officer will attend the meeting to record the minutes and coordinate meeting participants to attend when required.

As soon as practicable after each Committee Meeting, the Chief Executive Officer must give Council a written report about the matters reviewed at the meeting and the Committee's recommendations about the matters.

#### **10. CONFIDENTIALITY**

The Committee's role of analysing and recommending improvements to Council's financial reporting, risk management, compliance and internal control systems make the business of the Committee highly confidential.

All agendas, reports, and other proceedings of the Committee are to be considered and held confidential by Councillors and staff unless otherwise determined by Council. The exception to this confidentiality clause is the Committee Meeting Minutes which are presented to Council in open session although in rare circumstances, the CEO may present audit and risk committee information to the Council in confidential session if the nature of that information requires it to be confidential.

#### **11. CONFLICTS OF INTEREST**

Committee members will be required to disclose conflicts of interest at the commencement of each meeting. When this occurs, the Committee is to follow the requirements of Chapter 5B of the *Local Government Act 2009*.

#### **KEY RESPONSIBILITIES**

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RESPONSIBLE OFFICER	RESPONSIBILITY
Chief Executive Officer	<ul style="list-style-type: none"> <li>To act as a liaison between the Committee and Council Officers ensuring full and complete access to all <a href="#">Council records</a> <a href="#">and access to relevant Council staff as</a> required by the Committee to fulfil its responsibilities.</li> <li>To coordinate the meeting agenda and ensure it is provided to the Committee Members in a timely manner.</li> </ul>

Inaugural Policy: Adopted by Council Resolution on xxxxxx

Review Period: Two yearly