

18 November 2022

Councillor Matt Burnett  
Gladstone Regional Council  
Mayor  
PO Box 29  
Gladstone QLD 4680

Dear Councillor Burnett,

### **Final Management Report for Gladstone Regional Council**

We have completed our 2022 financial audit for Gladstone Regional Council and issued an unmodified audit opinion on your financial statements.

The purpose of this letter is to update you on any matters that have arisen since we presented our closing report to the Audit Risk and Improvement Committee on 24 October 2022.

### **Reporting on issues identified after the closing report**

I can confirm that we have not identified significant issues since the presentation of our closing report. Issues and other matters formally reported to management and an update on actions taken by management to resolve these issues is included as Appendix A to this letter.

Please note that under section 213 of the Local Government Regulation 2012, you must present a copy of this report at your council's next ordinary meeting.

### **Report to parliament**

Each year we report the results of all financial audits and significant issues to Parliament.

This year we intend to include the results of our audit of Gladstone Regional Council in our report to Parliament *Local Government 2022*. We will comment on the results of our audit of your financial report, any significant internal control issues we identified, and the overall results of the sector, including, major transactions and events. We will discuss the proposed content of our report with your General Manager Finance Governance and Risk and will continue to consult as we draft our report. Formally, you will have an opportunity to comment on our report and for these comments to be included in the final report.

We would like to thank you and your staff for their engagement in the audit this year, and look forward to working with your team again next year.

If you have any questions about this letter or would like to discuss any matters regarding our audit service, please contact me on 0418 451 262.

Yours sincerely



Steven Bosiljevac  
Contract Audit Partner

## Appendix A—Status of issues

### Status

The following table summarises all control deficiencies, financial reporting issues and other matters that have been identified. The listing includes issues from our report this year and those issues raised in prior years.

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



Ref.	Rating	Issue	Status
22CR-1		<p><b>Lack of review of prepayment calculation</b></p> <p>For manual prepayment calculations, we observed that the start date of prepayments was incorrectly taken for 2 out of 7 samples checked in our testing.</p>	<p>Work in progress</p> <p>Action date: 31 December 2022</p>
20CR-3		<p><b>Improvement of the three-way-match process required</b></p> <p>The fundamental process around three-way matching of purchase orders to invoices and delivery dockets has been identified as a matter for further development, both as an underlying process and business education issue and system utilisation issue.</p>	<p>Work in progress</p> <p>Management is currently working with TechOne to develop a new system process to enable invoices to be entered into the system upon receipt. Phase 1 development and testing is ongoing. Due to issues with obtaining skilled TechOne consultants, implementation and go live phase is expected to be 30 June 2023.</p>
22IR-1		<p><b>Capital work in progress improvements</b></p> <p>We observed that capitalisation is undertaken towards the end of the year and not when assets are necessarily available for use.</p>	<p>Work in progress</p> <p>The Asset Governance and Works Planning &amp; Scheduling teams have been liaising and coordinating in recent weeks to ensure the Senior GIS Officer and Senior Technical Officer are included as part of regular meetings with project managers so that all parties are aware of requirements in a timely manner. We have seen an improvement in projects being completed recently and communication/information has been received.</p> <p>Action date: 31 December 2022</p>
20CR-4		<p><b>Asset valuations – Road Drainage and Transport Infrastructure assets not previously recognised</b></p>	<p>Resolved</p>

