



2025 INTERIM REPORT

Gladstone Regional Council

19 May 2025

Councillor Matt Burnett
Mayor
Gladstone Regional Council

Dear Councillor Burnett

2025 Interim report

We present our interim report for Gladstone Regional Council for the financial year ending 30 June 2025. This report details the results of our interim work performed to 31 March 2025.

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

Results of our interim audit

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

Deficiencies:

- One raised in the current year, relating to lack of evidence of independent review
- Five unresolved from prior years

Conclusion on our interim audit

Based on the results of our testing completed to date, we have determined your internal control environment does support an audit strategy where we can rely upon some of your entity's controls.

Other audit related matters

We have issued a separate briefing note to the audit committee and management on the status of the audit. In short, the audit of council's financial statements has progressed in line with the audit plan that was agreed with council in March 2025.

I'd like to thank your team for the positive engagement over our interim testing. If you have any questions or would like to discuss the audit report, please contact me on 3149 6208 or Natalia Kolakowski on 0402 035 227.

Yours sincerely



Sri Narasimhan
Engagement Leader

Enc.

cc. Ms L Dowling, Chief Executive Officer
Ms M Goodwin, Audit Committee Chair
Mr M Holmes, Chief Financial Officer

1. Status of issues

Internal control issues

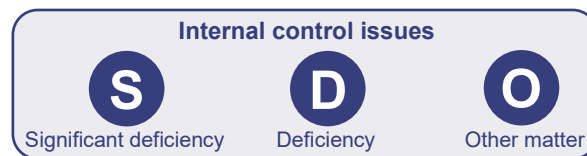
The following table identifies the number of deficiencies in internal controls and other matters we have identified. Details of the deficiencies we identified during our interim audit are outlined further in this section. Refer to [section 2 Matters previously reported](#) for the status of previously raised issues.

Year and status	Significant deficiencies	Deficiencies	Other matters*
Current year issues	-	1	-
Prior year issues – unresolved	-	5	-
Prior year issues – resolved pending audit verification	-	1	-
Prior year issues – resolved	-	1	-
Total issues	-	8	-

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

The following section details control deficiencies and other matters identified as at 28 April 2025. It includes a response from management.

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



D Deficiency

25-IR-1 Lack of evidence of review by an independent person

Observation

Revenue: Council performs regular reconciliations of rates revenue and debtor transactions. We noted that while the monthly reconciliations were completed promptly by council, there was no evidence of an independent review when the reconciliations were prepared by the team leader. However, we acknowledge that the independent review process has since been reinstated in subsequent months.

Payroll: Council uses detailed checklists to guide payroll processing tasks, including reviews of key reports such as manual timesheet data entry, pay run exception reports, and Masterfile pay rate changes. These checklists are maintained in excel, council uses the show changes feature within excel to evidence the staff member who completed each task. The checklists and the associated reports lack clear documentation to show the preparer and reviewer.

Evidencing that an independent review has been undertaken is key to demonstrating good internal controls. An independent review not only strengthens the control environment but also places onus and accountability on the staff undertaking the independent review.

While we acknowledge that key reconciliations are sometimes prepared by senior personnel, such as a team leader, their experience does not eliminate the possibility of human error. Independent review remains a key control to ensure accuracy and accountability.

Implication

Without evidence of an independent review, it is unclear whether the reconciliations have been appropriately reviewed. This increases the risk that errors or anomalies may go undetected, potentially resulting in a material misstatement in the financial statements.

QAO recommendation

We recommend council formalises a process to ensure reconciliations and key reports are signed and dated by both the preparer and an independent reviewer. Where reconciliations are prepared by senior personnel, such as a team leader, a review should still be undertaken by an appropriately independent officer.

For processes that rely on centralised checklists, we recommend that Council clearly identify the key reports that require evidence of review. This may include referencing the specific version of the report reviewed, the individual who performed the review, and the date it was completed—either within the report itself or documented clearly in the checklist.

Management response

All identified functions will ensure that evidence of reviews is clearly documented:

Revenue: Reconciliations are generally completed by the Revenue Accounting Specialist and reviewed by the Manager of Revenue Services. In instances where either officer is not available (due to vacancy, extended leave etc.), a member of the Finance team will review the reconciliation prepared.

Payroll: Payroll will review and implement processes to include notation and acknowledgement of actioning officers for tasks completed. This includes existing and future processing checklists and other process validation documents.

Finance: Finance will implement processes to ensure that reviews of reconciliations are clearly documented, in a way that does not allow for retrospective changes to be made to reviewed files.







Responsible officer: Financial Controller/ Manager Revenue Services/ General Manager People & Strategy


Status: Work in progress

Action date: 30 June 2025

2. Matters previously reported

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

Ref.	Rating	Issue	Status
FMR-24-1		Entertainment and Hospitality Expenditure Policy	<p>Resolved</p> <p>Council has reviewed and adopted an amended policy. As part of the review, the audit recommendations were considered; however, not all recommendations were adopted due to practical implementation constraints. To address the concerns raised in the audit, Council has implemented additional business processes that support improved controls and oversight.</p>
24-IR-1		Timely review and update of Council policies	<p>Work in progress</p> <p>Council has endorsed a risk-based approach to the review of Policies and Corporate Standards with a maximum review period of 5 years. Specific goals have been set, including the review of all high-risk overdue policies by 30 June 2025.</p> <p>Responsible officer: Manager of Governance and Risk</p> <p>Action date: 31 December 2024</p> <p>Revised action date: 30 June 2025</p>
23-CR-1		GIS Reconciliation to Fixed Asset Register	<p>Work in progress</p> <p>The asset register migration project is progressing as planned. New features have been identified that will help match assets in GIS with the fixed asset register. Technical Asset Officers are actively working with Project Managers to gain a deeper understanding of Council assets and how to properly componentise them in the fixed asset register.</p> <p>Responsible officer: Manager, Asset Governance</p> <p>Action date: 30 June 2024</p> <p>Revised action date: 30 June 2025</p>
23-CR-2		WIP Capitalisation	<p>Work in progress</p> <p>The asset register migration project has caused delays in the capitalisation of WIP. Capitalisation was paused for several months and only resumed in April. As a result, it is unlikely that there will be significant improvements to the process this year.</p> <p>Responsible officer: Financial Controller</p> <p>Action date: 30 June 2024</p> <p>Revised action date: 30 June 2026</p>
23-IR-3		User driven TechOne delegation of authority	<p>Resolved pending audit verification.</p> <p>Council has implemented all position-based profiles. We will verify the action taken during our IS audit visit in May 2025.</p> <p>Responsible officer: Financial Controller</p> <p>Action date: 30 June 2025</p>
22-IR-1		Capital work in progress process improvements	<p>Work in progress</p> <p>The asset register migration project has caused delays in the capitalisation of WIP. Capitalisation was paused for several months and only resumed in April. As a result, it is unlikely that there will be significant improvements to the process this year.</p> <p>Responsible officer: Financial Controller</p> <p>Action Date: 30 June 2024</p> <p>Revised action date: 30 June 2026</p>

Ref.	Rating	Issue	Status
20-CR-3		Improvement of the three way-match process required	<p>Work in progress</p> <p>The procure-to-pay project is progressing as planned. It is expected to be implemented during this quarter (April–June 2025).</p> <p>Responsible officer: Financial Controller</p> <p>Action date: 30 June 2025</p>



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Sri Narasimhan
Queensland Audit Office
T: 07 3149 6208
E: sri.narasimhan@qao.qld.gov.au

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

