

ORDINARY MEETING	5
1 MAY 2024	

AUDITOR-GENERAL'S OBSERVATION REPORT ON THE INTERIM AUDIT FOR THE YEAR ENDING 30 JUNE 2024

63/17/2-01 | #7403309

RECOMMENDATION:

That Council notes the Auditor-General's Observation Report on the interim audit for the year ending 30 June 2024.

INTERESTED PARTIES:

Not Applicable

EXECUTIVE SUMMARY:

The Auditor-General's observation report is a report regarding Council's audit that includes observations and suggestions made by the Auditor-General about anything arising out of the audit. As per the *Local Government Regulation 2012*, the Mayor must present a copy of the report at the Ordinary meeting following its receipt from QAO. The Audit Committee has considered this report at its April meeting.

Only one control deficiency has been identified by QAO whilst completing their audit procedures to date, which is resolved pending audit verification.

COMMENTS:

Attached is the Auditor-General's Observation Report on the interim audit for the year ending 30 June 2024.

ATTACHMENTS:

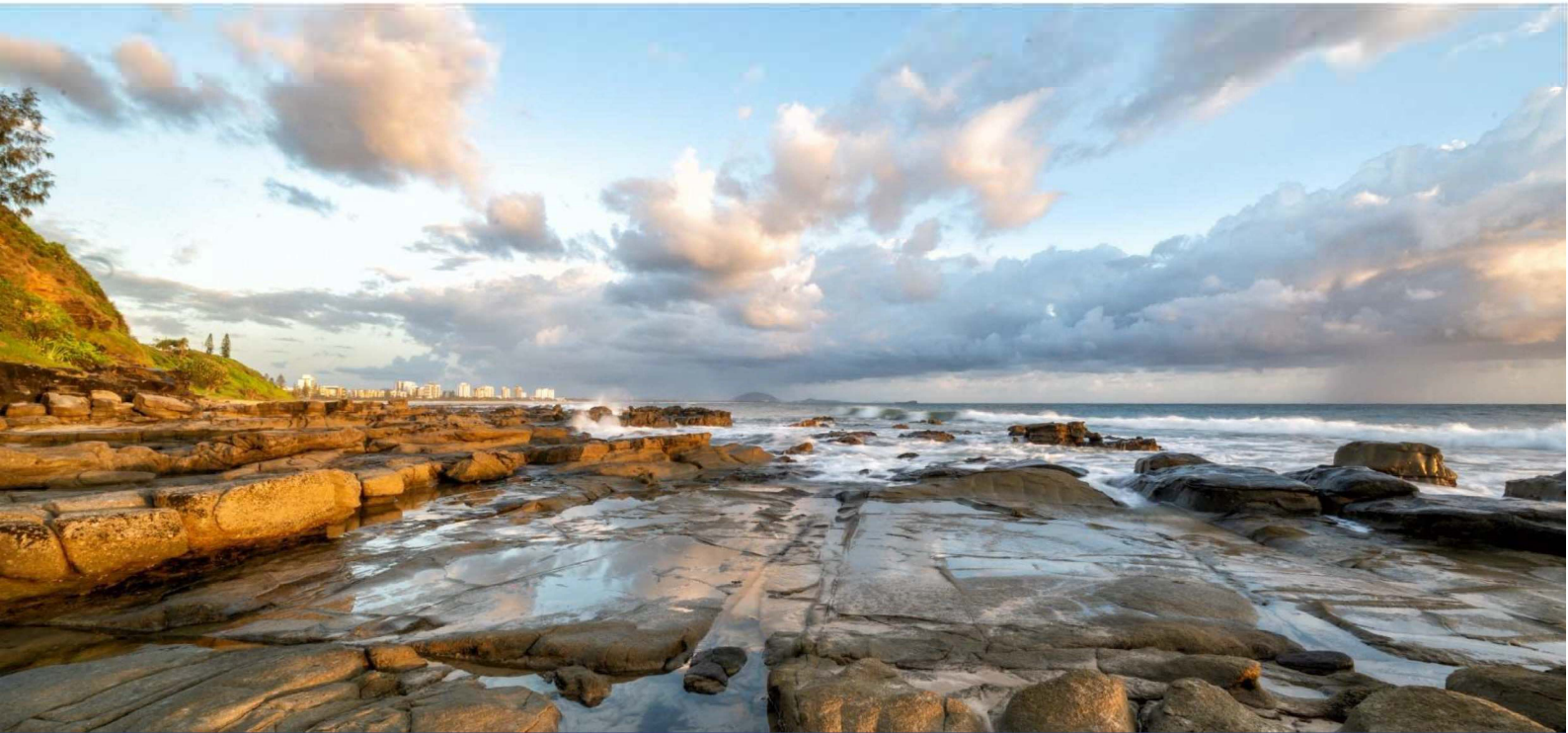
Attachment 1: Auditor-General's Interim Observation Report (DM #7402232)



Jason Ritchie
Executive Manager Finance



Lisa Whitton
Director Finance & Business Services



2024 INTERIM REPORT

Cairns Regional Council

15 April 2024

Cr Amy Eden
Mayor
Cairns Regional Council

Dear Cr Eden

2024 Interim report

We present our interim report for Cairns Regional Council for the financial year ending 30 June 2024. This report details the results of our interim work performed to 29 February 2024. Under section 213 of the Local Government Regulation 2012, you must present a copy of this report at your council's next ordinary meeting.

Results of our interim audit

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

Deficiencies:

- One raised in the current year

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

Refer to *section 1* for further details.

If you have any questions or would like to discuss the audit report, please contact me on 4046 8888 or Edan Clark on 4046 8855.

Yours sincerely



Andrew Cornes
Engagement Partner

Enc.

cc. Ms Mica Martin, Chief Executive Officer
Mr Ben Tooth, Chair of the Audit Committee

1. Status of issues

Internal control issues

The following table identifies the number of deficiencies in internal controls and other matters we have identified. Details of the deficiencies we identified during our interim audit are outlined further in this section. There were no unresolved matters from prior years.

Issues	Significant deficiencies	Deficiencies	Other matters*
Current year issues	-	1	-
Prior year issues – unresolved	-	-	-
Total issues	-	1	-

*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 29 February 2024. It includes a response from management.

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



D Deficiency

24-IR1 Review of termination checklists

Observation

On the termination of employees, Council prepares a termination checklist detailing procedures to be completed to off-board the employee including the calculation, reconciling, finalisation and posting of final payments to the employee. This checklist is to be completed by a member of the People and Organisational Performance department and then reviewed by a separate team member.

Out of a sample of 15 termination checklists we noted 5 instances where there was no evidence of a separate review having been performed.

Implication

The lack of review increases the risk that the termination processes and calculations are not completed correctly or accurately and exposes Council to a greater risk of error.

QAO recommendation

We recommend that once completed, the termination checklist is reviewed by authorised personnel and evidenced as reviewed with a signature.

Management response

Management agrees with the recommendation. The correct procedure for the processing and second review of termination payments has been reiterated to Council officers in the Payroll unit.

Responsible officer: Executive Manager Organisational Performance

Status: Resolved pending audit clearance

Action date: 3 April 2024

Financial reporting issues

There were no financial reporting issues identified during our interim audit, nor were there any unresolved matters from prior years.

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

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 or scan the QR code.





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