7.5. REPORT TO COUNCIL OF AUDIT AND RISK COMMITTEE MEETING HELD 17 SEPTEMBER 2026

REPORT AUTHOR Governance and Information Officer

EXECUTIVE General Manager Corporate and Communities

DEPARTMENT Corporate and Communities

TEAM Governance

DATE 27 October 2026

RECOMMENDATION

That Council note the report on the Audit and Risk Committee meeting held on 17 September 2026.

EXECUTIVE SUMMARY

Under Section 105 of the *Local Government Act 2009*, Council must establish an efficient and effective internal audit function. Council resolved to do that by establishing an Audit and Risk Committee (Committee).

A Committee meeting was held on 17 September 2026. In accordance with Section 211(1)(c) of the *Local Government Regulation 2012*, there is a requirement for the Chief Executive Officer (or delegate) to present a written report to Council about the matters reviewed at the Committee meeting and the recommendations made.

PREVIOUS COUNCIL CONSIDERATIONS / RESOLUTIONS

The last Committee report was presented to Council at the Ordinary Council meeting held on 27 July 2026.

REPORT / BACKGROUND

The role of the Committee is to provide independent assurance, oversight and advice to Council and senior management.

The core functions and responsibilities of the Committee include the review and monitoring of Councils:

- Financial statements
- Internal audit processes
- Effectiveness

- Engagement with external auditors
- Risk management
- Internal controls
- Legislative and policy compliance
- Governance

The Committee currently operates under a framework consisting of an Audit and Risk Committee Policy and Audit and Risk Committee Terms of Reference.

The Committee is required to meet at least twice each financial year and currently meets quarterly as per its annual work plan.

FINANCIAL AND RESOURCE IMPLICATIONS

Robust risk and audit assurance underpins and sustains Council's financial goals.

RISK MANAGEMENT IMPLICATIONS

The Committee is a source of expertise in the management of risk and assurance of risk appetite, strategic risk management, and reasonable risk thresholds.

The report is required to be provided to Council to ensure compliance with Section 211(1)(c) of the *Local Government Regulation 2012*.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

SOCIAL IMPLICATIONS

There are no social implications associated with this report.

CORPORATE AND OPERATIONAL PLAN

This report has been prepared in accordance with the following:

Corporate Plan 2025-2030 Initiatives:

Theme 3 - Service Delivery
We deliver Council services effectively and efficiently to meet community expectations, focusing on the wellbeing of both the community and our employees.
3.7 - *Identify and manage risk.*

Operational Plan 2026-2027 Actions:

Legislative requirement.

LEGISLATION AND POLICY

- *Local Government Act 2009*
- *Local Government Regulation 2012*
- Audit and Risk Committee Policy
- Audit and Risk Committee Terms of Reference

CONSULTATION

Internal Consultation:

- Members of the Executive Leadership Team and relevant Managers prepared reports and attended the Committee meeting.

External Consultation:

- Two (2) external members form part of the Committee.
- Two (2) representatives attended from the Queensland Audit Office.

CONCLUSION

In accordance with Section 211(1)(c) of the *Local Government Regulation 2012,* the report of the Audit and Risk Committee Meeting held on 17 September 2026 is presented to Council.

ATTACHMENTS

1. Report to Council of Audit and Risk Committee Meeting held 17 September 2026 [**7.5.1** - 5 pages]

REPORT TO COUNCIL

DOUGLAS SHIRE COUNCIL

Audit and Risk Committee Meeting – Thursday 17 September 2026	
Committee Attendees:	Chair – Dr Martin Fahy – via Teams External Member – Drong Vue – via Teams Mayor Lisa Scomazzon Cr Michael Rees
Other Attendees:	Chief Executive Officer – Scott Osman General Manager Corporate & Communities – Arun Pratap – via Teams General Manager Infrastructure – Derek Langman Manager Financial Services – Tamas Maffey-Stumpe Team Leader Corporate Accounting – Katie Wilkinson Team Leader Financial Accounting – Joanne Nicholson Team Leader ICT – Garry Mason Governance and Information Officer – Rachel Dunn Queensland Audit Office – William Cunningham – via Teams Queensland Audit Office – Cynthia Jani – via Teams
Apologies:	Nil

In accordance with Council's Audit and Risk Committee Policy and s 211(1)(c) of the *Local Government Regulation 2012,* the following is a summary of the matters reviewed at the Audit and Risk Committee (Committee) meeting held on 17 September 2026 and the recommendations made.

1. FINANCIAL REPORTS – MAY 2026 AND JULY 2026

The Team Leader Corporate Accounting tabled the May 2026 and July 2026 financial reports for noting. The reports were previously presented to Council at the 27 July 2026 and 25 August 2026 Ordinary Council Meetings.

Officer's Recommendation
That the Committee note the Financial Reports for May 2026 and July 2026.

Committee Decision
The Committee resolved to accept the Officer's recommendation.

2. 2026 NON-CURRENT ASSET VALUATION AND IMPAIRMENT

The Team Leader Corporate Accounting tabled this report for noting.

Council undertook comprehensive asset revaluations for the Buildings and Other Structures, Land, Land Improvements and Water Asset classes. All other asset classes were reviewed for indexation and roads were assessed for impairment after the 2026 weather events.

Officer's Recommendation
That the Committee receive and note the report titled 2026 Non-Current Asset Valuation and Impairment.

Committee Decision
The Committee resolved to accept the Officer's recommendation.

3. DRAFT FINANCIAL STATEMENTS 2025–26

The Manager Financial Services tabled the Draft Financial Statements 2025–26 for noting.

Council's draft unaudited Financial Statements for the year ended 30 June 2026 forecasts an operating surplus. This result arises from the following:

- Advanced payment of the 2026–27 Financial Assistance Grant.
- Council's successful pursuit of insurance proceeds and funding for previous years disaster responses.
- Higher interest revenue due to Council's elevated cash balance, debt-free balance sheet, and stronger commercial income.

Officer's Recommendation
That the Committee receive the Draft Financial Statements (unaudited) for the year ended 30 June 2026.

Committee Decision
The Committee resolved to accept the Officer's recommendation.

4. ANNUAL BUDGET 2026–2027

The Manager Financial Services tabled the Annual Budget for noting.

Four (4) pillars underscore the 2026–27 annual budget:

1. Water security.
2. Mitigating cost of living pressures for residents while maintaining financial sustainability for Council.
3. Economic development.
4. Ongoing improvement of community amenities.

Officer's Recommendation
That the Committee note Council's Budget for 2026–27 and the Long-Term Financial Forecast for the financial years 2026–27 to 2035–36 as tabled and adopted by Council on 16 June 2026.

Committee Decision
The Committee resolved to accept the Officer's recommendation.

5. PROCUREMENT COMPLIANCE TESTING JULY 2026

The Manager Financial Services briefed the Committee on:

- The results of purchase order compliance testing since November 2025.
- The results of purchase order compliance testing between May and June 2026.

The testing is designed to provide relevant stakeholders namely: the Committee; the Executive Leadership Team and the Senior Leadership Team with greater visibility over Council's compliance with its procurement policy, prevailing legislation, and other prescribed requirements.

Officer's Recommendation
That the Committee:
- Note the results of the Procurement Compliance testing to July 2026.
- Consider the proposed Management Actions.

Committee Decision
The Committee resolved to accept the Officer's recommendation.

6. PROCUREMENT GENERAL POLICY

The Manager Financial Services tabled the revised Procurement General Policy for noting.

A review of the Procurement Policy undertaken during the development of procurement training for Council officers has identified several amendments required to improve clarity, consistency, compliance, and governance.

Officer's Recommendation
That the Committee note the revised Procurement General Policy, approved at the Ordinary Council Meeting held on 31 July 2026.

Committee Decision
The Committee resolved to accept the Officer's recommendation.

7. 2026 QUEENSLAND AUDIT OFFICE INTERIM REPORT

The Manager Financial Services tabled the 2026 Queensland Audit Office Interim Report for noting.

The Queensland Audit Office (QAO) has completed its interim audit procedures for 2025–26 and issued its interim management report dated 27 August 2026.

The audit is progressing in accordance with the agreed audit plan, with no anticipated impact on the audit opinion, audit scope, timeline or audit costs.

Officer's Recommendation
That the Committee:

1. Note the findings and recommendations contained within the Queensland Audit Office 2026 Douglas Shire Council Interim Report.
2. Note that the significant procurement deficiency reported in 2025 has been downgraded by the Queensland Audit Office.
3. Note the status of all outstanding audit findings, management action plans, and due dates.
4. Support the continued implementation of actions to address the remaining audit deficiencies.

Committee Decision
The Committee resolved to accept the Officer's recommendation.

8. QUEENSLAND AUDIT OFFICE BRIEFING PAPER

The QAO tabled their September 2026 Audit and Risk Committee Briefing Paper for noting.

Officer's Recommendation
That the Committee receive and note the QAO's Briefing Paper.

Committee Decision
The Committee resolved to accept the recommendation.

9. INTERNAL AUDIT REPORT – CUSTOMER SERVICE AND COMPLAINTS MANAGEMENT

The General Manager Corporate and Communities tabled this report for noting.

The objectives of this Internal Audit were to examine the processes, practices and adequacy of design and operating effectiveness of related internal controls in place for the development and management of the complaints management and customer service processes.

Officers Recommendation
That the Committee note the Customer Service and Complaints Management Internal Audit Report recommendations and consider the management responses.

Committee Decision
The Committee resolved to accept the recommendation.

10. UPDATE ON AWARD OF THREE-YEAR INTERNAL AUDIT CONTRACT

The General Manager Corporate and Communities provided an update on this award to the Committee.

- The contract for provision of internal audit services has ended.
- A request for quote was published on VendorPanel seeking expressions of interest for provision of internal audit services for the next three (3) years.
- At the closure of quotations in August, responses were received from five (5) service-providers and evaluation of the responses is currently being undertaken.

Officers Recommendation
That the Committee note the status of the award of the three (3) year internal audit contract.

Committee Decision
The Committee resolved to accept the recommendation.

11. CYBER SECURITY – 2026 IMPROVEMENT ACTIVITIES

The Team Leader ICT tabled this report for noting.

There are several individual issue controls envisaged for the 2026-27 program that have been harvested from previous Cyber assessments, such as the LGMS Cyber Security Controls Review 2025–26 and current best practice articles.

Officers Recommendation
That the Committee note the cyber security risk mitigation improvement program.

Committee Decision
The Committee resolved to accept the Officer's recommendation.

12. QUARTERLY CAPITAL WORKS REPORT – APRIL TO JUNE 2026

The General Manager Infrastructure tabled this report for noting.

The Capital works program for Quarter 4 achieved some significant milestones with the commencement of the Ferry Landside Infrastructure Project, completion of the park's renewal program and approximately 44 projects completed in the quarter.

Officers Recommendation
That the Committee note the progress update on Council's Capital Works projects for 2025-2026.

Committee Decision
The Committee resolved to accept the Officer's recommendation.

13. AUDIT AND RISK COMMITTEE ANNUAL WORK PLAN 2026–27

The General Manager Corporate and Communities tabled this report for noting.

The draft Annual Work Plan sets out the proposed reports and activities to be considered by the Audit and Risk Committee (the Committee) during the next financial year.

The work plan determines the key areas to be reviewed at each specific meeting to ensure all activities and associated risks are addressed at the appropriate time during the year and that all key responsibilities are covered.

Officers Recommendation
That the Committee consider for endorsement the draft Annual Work Plan.

Committee Decision
The Committee resolved to accept the Officer's recommendation and endorsed the plan.

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