

7.5. AUDIT AND RISK COMMITTEE - CHAIR'S REPORT TO COUNCIL

REPORT AUTHOR	Coordinator Governance Strategy and Risk
MANAGER	General Manager TC Jasper Corporate and Communities
DEPARTMENT	Governance

RECOMMENDATION

That Council note the Audit and Risk Committee Reports dated 23 June 2025 and 15 September 2025.

EXECUTIVE SUMMARY

Council is asked to note the summary of resolutions and commentary at the Audit and Risk Committee provided by the Chair in the following reports.

BACKGROUND

The Audit and Risk Committee is Council's only sub-committee. The Committee comprises an external Chairperson, an external committee member, Mayor Lisa Scmazzone, and Cr Michael Rees.

The Committee meets quarterly and a report of matters for discussion and notice is provided to Council.

COMMENTS

Audit and Risk Committee meetings have been held on 23 June 2025 and 15 September 2025. Reports (attachment 1 and 2) are provided detailing the reports, recommendations and decisions from the meetings.

PROPOSAL

That Council note the Audit and Risk Committee Reports dated 23 June 2025 and 15 September 2025.

FINANCIAL/RESOURCE IMPLICATIONS

Nil.

RISK MANAGEMENT IMPLICATIONS

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

SUSTAINABILITY IMPLICATIONS

Economic:	Robust risk and audit assurance underpins and sustains Council's Financial goals.
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Environmental: Nil. Robust risk management underpins and sustains Council's strategic risk and climate risk goals and management and aligns to the Liveability, Prosperity, Service delivery and Recovery and Resilience pillars in the Operational and Corporate Plan.

Social: Nil. Robust risk management underpins and sustains Council's strategic risk, human rights and social impact objectives and the Liveability, Prosperity, Service delivery and Recovery and Resilience pillars in the Operational and Corporate Plan.

Douglas Shire Council and the Audit and Risk Committee recognise that decisions and actions it takes may engage an individual's human rights as set out in the *Human Rights Act 2019* (the HR Act).

When taking actions and making decisions, decision-makers will give proper consideration to the relevant human rights in accordance with the HR Act.

The actions arising and the reports made to this Committee do not negatively impact on human rights.

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

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 2025-2026 Actions:

3.7.1 - Undertake a review of corporate risks.

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Regulator	Council has a number of statutory obligations detailed in numerous regulations and legislative Acts. Council also makes local laws to ensure that the Shire is well governed. In fulfilling its role as regulator, Council will utilise an outcomes-based approach that balances the needs of the community with social and natural justice.
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CONSULTATION

Internal: Nil

External: Nil

COMMUNITY ENGAGEMENT

Nil.

ATTACHMENTS

1. Report to Council Audit and Risk Committee meeting 23 June 2025 [**7.5.1** - 6 pages]
2. Report to Council Audit and Risk Committee meeting 15 September 2025 [**7.5.2** - 6 pages]

REPORT TO COUNCIL

AUDIT AND RISK COMMITTEE MEETING – MONDAY, 23 JUNE 2025

1. ATTENDANCE AND APOLOGIES

Committee Members

Dr Martin Fahy - Chair
Mr Drong Vue – via Teams - Independent Member
Mayor Lisa Scomazzon – Member
Cr Michael Rees – Member

Other Attendees:

Chief Executive Officer - Scott Osman
General Manager TC Jasper Corporate and Communities - Matthew Eastham
Team Leader Financial Accounting - Joanne Nicholson
Senior Accountant Financial Accounting - Katie Wilkinson
Coordinator Governance Strategy and Risk – Elle Brooker – Secretary / Minute Taker

Apologies

Queensland Audit Office: Alan Flynn
Chief Financial Officer: Tara Killeen
Acting Chief Financial Officer – Arun Pratap
Chief Engineer TC Jasper Infrastructure and Recovery – Derek Langman
Manager People, Safety & Culture - Susan Donoghue
Team Leader ICT Gary Mason

In accordance with the Audit and Risk Committee Policy and s211 (1)(c) of the *Local Government Regulation 2012*, a summary of the matters reviewed at the meeting and the observations and recommendations of the committee are recorded.

The Chair opened the meeting at 11:00AM and welcomed the committee members and observers.

The Minutes of the March meeting were confirmed as a true and accurate record of proceedings.

No Conflicts of Interest or material personal interest were declared by any Committee Member or Officer in relation to the items of business listed on the agenda.

1. Officers' Reports

1.1. MONTHLY FINANCIAL REPORT MAY 2024/25

Executive Summary

The committee noted the YTD financial position reported to Council in May at its Ordinary Meeting.

Discussion Summary

Committee noted the monthly financial performance report.

1.2. DRAFT PRO FORMA FINANCIAL STATEMENTS 2024/2025

The Draft Pro-forma Financial Statements for the year ended 30 June 2025 were submitted to the Queensland audit Office (QAO) for review in May 2025. At the time of writing, QAO are conducting their review of the Draft Pro-forma Financial Statements

Chair noted some year on year changes as a result of reporting requirements, but everything else is as seen in last year's results.

Officer's Recommendation

That the Audit and Risk Committee receive and note the Draft Pro forma Financial Statements for 2025.

Committee Decision

The Committee resolved to accept the officer's recommendation.

1.3. NON-CURRENT ASSET COMPREHENSIVE VALUATION REPORT

At the request of the Chair, the finance representatives presented a verbal update on the Financial Report for year ended June 2025.

Discussion Summary

- Council adopts the Revaluation Model for non-current assets per AASB116 Property, Plant and Equipment.
- Pursuant to the Standard, asset classes are regularly valued every four years;
- The transport asset class was due for revaluation in the 2024 financial year, however, it was postponed due to the impact of tropical cyclone Jasper and the damage it caused to the assets.
- Overall, the valuation process resulted in a cumulative Fair Value increase of \$9,274,535 or 4.77% in the Transport Asset class. This increase will be recognised in the Transport Asset revaluation reserve.

Chair noted

- significant positive movement on the fair values of traffic control devices, curbs, channels and footpaths but that bridges show significant impairment
- queried if the valuation reflected a long term change in fair value or is remediation what is being reported.

Officer's Recommendation:

That the Audit and Risk Committee receive and note the report titled Non-current Asset Comprehensive Valuation Report.

Committee Decision

The Committee resolved to accept the officer's recommendation.

1.4. QUEENSLAND AUDIT OFFICE UPDATE JUNE 2025 AND EXTERNAL AUDIT PLAN

Queensland Audit Office (QAO) Representatives presented an update for June 2025 and the QAO External Audit Plan for 2025

Officer's Recommendation:

That the Audit and Risk Committee receive and note the Queensland Audit Office Briefing Paper and Queensland Audit Office External Audit Plan for 2025.

Committee Decision

The Committee resolved to accept the officer's recommendation.

Matter arising: Committee recommended that if Councillors have recommendations for suggested performance audits, they should make a bid in writing to the QAO.

1.5. QUEENSLAND AUDIT OFFICE DRAFT WORK PLAN

Officer's Recommendation:

That the Audit and Risk Committee accepts and notes the draft Queensland Audit Office (QAO) workplan for 2025-28.

Committee Decision

The Committee resolved to accept the officer's recommendation.

1.6. QUEENSLAND AUDIT OFFICE RECOMMENDATIONS RESPONSE: EX-GRATIA PAYMENTS POLICY AND CLIMATE RISKS

In 2024 the Queensland Auditor General (AG) published Report 13: Local Government 2024 which made recommendations.

The Auditor General's core recommendations were that Councils should:

- implement policies and procedures to ensure ex-gratia payments are appropriate defensible, and the decision made to make such payments re transparent. The appropriateness of using non-disclosure agreements when making such payments should also be considered.
- assess climate risks and add them to their risk registers.
- review the asset consumption ration for water infrastructure assets and determine what action is required

On Tuesday 2 June 2025, the Acting Director General (DG) Department of Local Government, Water and Volunteers, Joshua Hannan, wrote to Council making comment on the AG's recommendations, identifying priorities and paths forward. In particular he encouraged Councils "...to address any of the following that apply directly to your council"

- attend to any outstanding prior year recommendations
- action any outstanding significant deficiencies that the QAO identified for your council
- the importance of planning for early certification for the end of financial year reporting to ensure the audit certification deadline of 31 October is met each year
- ensure council has an active internal audit function, and an effective audit committee where required.

Officer's Recommendation:

That the Audit and Risk Committee:

1. Note the progress made towards key recommendations of the Queensland Auditor General in Report 13: Local Government 2024; and
2. Note the instructions of the Acting director General of the Department of Local Government, Water and Volunteers, Joshua Hannan, in relation to the Auditor General's key recommendations.

Committee Decision

The Committee resolved to accept the officer's recommendation.

1.7. WATER INFRASTRUCTURE ASSET CONSUMPTION RATIO (ACR)

Committee heard that QAO has recommended that:

- “... all councils (should) review the asset consumption ratio for their water infrastructure assets.
- where the ratio is below 60%, Councils should assess the need for repairs/renewals to their water infrastructure assets that will reinstate these assets to a level that provides the appropriate level of service to their community.”

This is because an audit of water assets:

- identified 35 councils have an asset consumption ratio of lower than 60%.
- This is approximately 49% of the councils that own water infrastructure assets.
- The measure is an indicator that relevant councils water infrastructure assets are at risk of not providing the appropriate level of service to their community; and that QAO

The Chair noted there is significant funding earmarked for Douglas Shire Council from QRA, and the projects are being finalised now. This includes funding for water upgrades that will put the Shire above the 60% benchmark.

Officer’s Recommendation:

That the Audit and Risk Committee notes the recommendation from the Queensland Audit Office that councils with lower than 60% asset consumption ratio should assess the need for repairs/renewals to their water infrastructure assets, to ensure these are reinstated to provide appropriate levels of services.

Committee Decision

The Committee resolved to accept the officer’s recommendation.

1.8. QUARTERLY REPORT - CAPITAL WORKS

Major projects reported to a monthly Program Control Group (PCG) inclusive of Project Managers, the Chief Engineer, General Manager Corporate and Communities and the Chief Executive Officer are also reported quarterly to the Audit and Risk Committee.

The current list of Major projects is:

- Port Douglas Splash Park
- Mossman River Intake
- Daintree River Ferry and Landside Infrastructure

Officer’s Recommendation

It is recommended that the Audit and Risk Committee receive and note the Major Projects Report

Committee Decision

The Audit and Risk Committee resolved to receive and note the Major Projects Report

1.9. QUARTERLY REPORT - CYBER SECURITY STATUS UPDATE

A report on the quarterly cybersecurity events and trends was provided.

Information Privacy and Other Legislation Amendment Act 2023 (IPOLA) takes effect in the state on 1 July obliging Council to be prepared to respond to instances of Mandatory Notifiable Data Breach (MNDB) and to update all Privacy data collection notices in forms and the like.

Officer's Recommendation

It is recommended that the Audit and Risk Committee note the Cyber Security update.

Committee Decision

The Audit and Risk Committee resolved to note the Cyber Security update.

1.10. QUARTERLY REPORT - WORK HEALTH SAFETY

The Committee receives quarterly reports from key business areas, including work health and safety as a standard report.

The report discusses trends in workplace health and safety is provided for information and oversight.

Officer's Recommendation

That the Audit and Risk Committee note the quarterly Work Health and Safety report.

Committee Decision

The Committee noted the officer's recommendation.

1.11. INTERNAL AUDIT CLOSURE REPORT – RECRUITMENT REVIEW

Council's internal auditor, Crowe Australasia, undertook a review of the internal controls in relation to the recruitment practices at Council in May 2024.

The reviewer provided a report to Council with four recommendations.

Management responses were provided to the report outlining next steps and agreed actions.

The closure report provides an update on progress.

All recommendations have been responded to. The review and response have been finalised and closed.

Officer's Recommendation:

That the Audit and Risk Committee note and endorse the Crowe Recruitment Review outcomes and closure report

Committee Decision

The Committee noted the officer's recommendation

1.12. INTERNAL AUDIT UPDATE – ASSET MANAGEMENT

The Internal Audit Workplan identifies the areas of focus for the organisation.

Per the Workplan, Council has agreed to a scope of work for the audit of asset management with the internal auditor Crowe Australasia. An audit of asset management is scheduled to commence 23 June 2025 for completion by August 2025.

Officer's Recommendation:

That the Audit and Risk Committee note the Internal Audit update.

Committee Decision

The Committee noted the officer's recommendation.

1.13. CORPORATE PLAN 2025-2030

Chair congratulated Council on the granularity of the Corporate Plan.

Officer's Recommendation:

That the Audit and Risk Committee note finalised approved Corporate Plan 2025-2030

Committee Decision

The Committee noted the officer's recommendation.

1.14. QUARTERLY REPORT – RISK FRAMEWORK REVIEW AND RISK UPDATE

The Coordinator Governance Strategy and Risk presented a verbal update on the risk review.

- The *Financial Accountability Act 2009* obliges Council to establish and maintain appropriate risk management systems
- The framework is subject to periodical review and is currently being substantially overhauled to reflect the goals and objectives of the new Corporate Plan and Executive Leadership style.
- The Committee received a report on the current state of the review and reviewed draft updated instruments for comment.

Officer's Recommendation:

That the Audit and Risk Committee notes progress made toward achieving a refreshed approach to Risk Management and the development of a Strategic Risk Register and provide guidance on the approach and its direction.

Committee Decision

The Committee noted the officer's recommendation and provided feedback that Council's media strategy could communicate resilience in the community and self-reliance.

2. OTHER BUSINESS

The Chair praised the customer service focus and skill of Council employees.

3. CLOSURE OF MEETING

- The Chair thanked all for taking the time to attend today.
- The meeting closed at 12:15PM
- The date for the next meeting will be Monday, 15 September 2025

REPORT TO COUNCIL

AUDIT AND RISK COMMITTEE MEETING – MONDAY, 15 SEPTEMBER 2025

1. ATTENDANCE AND APOLOGIES

Committee Members

Dr Martin Fahy - Chair

Mr Drong Vue – via Teams - Independent Member

Mayor Lisa Scomazzon – Member

Cr Michael Rees – Member

Other Attendees:

Chief Executive Officer - Scott Osman

General Manager TC Jasper Corporate and Communities - Matthew Eastham

Chief Engineer TC Jasper Infrastructure and Recovery – Derek Langman

Acting Chief Financial Officer – Arun Pratap

Manager People, Safety & Culture - Susan Donoghue

Team Leader Financial Accounting - Joanne Nicholson

Senior Accountant Financial Accounting - Katie Wilkinson

Coordinator Governance Strategy and Risk – Elle Brooker - Secretary

Acting Information & Governance Officer Margaret Nash - Minute Taker

Invited External Representatives

Queensland Audit Office:

Jessica Rossouw – via Teams (joined 3.18pm)

Internal Auditor

Donna Sinanian, Partner, Crowe – via Teams (joined 3.32pm)

Apologies

Queensland Audit Office: Alan Flynn and William Cunningham

Chief Financial Officer: Tara Killeen

Team Leader ICT Gary Mason

In accordance with the Audit and Risk Committee Policy and s211 (1)(c) of the *Local Government Regulation 2012*, a summary of the matters reviewed at the meeting and the observations and recommendations of the committee are recorded.

The Chair opened the meeting at 3.02PM and welcomed the committee members and observers.

The Minutes of the June meeting were confirmed as a true and accurate record of proceedings.

No Conflicts of Interest or material personal interest were declared by any Committee Member or Officer in relation to the items of business listed on the agenda.

QAO joined the meeting at 3:18pm.

2. OFFICERS REPORTS

2.1. FINANCIAL REPORTS

Executive Summary

The Committee noted the YTD financial position reported to Council in July and the draft accounts prepared by the Acting Chief Financial Officer that are expected to be finalised and signed on 14 October 2025.

Discussion Summary

The Acting Chief Financial Officer discussed:

- 1** external audit recommendations and management responses to observations and recommendations;
- 2** the draft annual accounts; and
- 3** the financial report that had been presented at the August 2025 Ordinary Council Meeting.

Overall progress made toward the 2025-26 annual budget for the period ended 31 August 2025 was observed to be good, noting the effects of the payment of the Financial Assistance Grant on results and perceived performance had the grant payment still been pending.

2.2. MONTHLY FINANCIAL REPORT JULY 2025/26

Committee noted the monthly financial performance report.

Officer's Recommendation

That the Audit and Risk Committee members note the 2025-2026 July Monthly Financial Performance Report inclusive of Statement of Financial Position, Statement of Cash Flows and Statement of Comprehensive Income.

Committee Decision

The Audit and Risk Committee resolved to note the 2025-2026 July Monthly Financial Performance Report inclusive of Statement of Financial Position, Statement of Cash Flows and Statement of Comprehensive Income.

2.3. DRAFT FINANCIAL STATEMENTS 2024/2025

Chair commended Council on preparing the draft Financial Statements.

Officer's Recommendation

That the Audit and Risk Committee receive the Draft Financial Statements (unaudited) for the year ended 30 June 2025.

Committee Decision

The Audit and Risk Committee resolved to accept the Draft Financial Statements (unaudited) for the year ended 30 June 2025.

2.4. 2025-2026 ANNUAL BUDGET

Interim Chief Financial Officer provided an update on Council's 2025-2026 Annual Budget.

Chair: congratulated Council on getting budget works completed.

Officer's Recommendation

It is recommended that the Audit and Risk Committee receive and note the adoption of Council's 2025-2026 Annual Budget.

Committee Decision

The Audit and Risk Committee resolved to note the adoption of Council's 2025-2026 Annual Budget.

2.5. QUEENSLAND AUDIT OFFICE 2025 INTERIM MANAGEMENT REPORT

QAO representatives presented to the Audit and Risk Committee the Interim Management Report for Douglas Shire Council for the financial year ended 30 June 2025.

QAO has assessed the design and implementation of Council's internal controls relevant to the financial report, and whether they are operating effectively.

Officer's Recommendation

It is recommended that the Audit and Risk Committee receive the Queensland Audit Office 2025 Interim Management Report

Committee Decision

The Audit and Risk Committee resolved to receive the Queensland Audit Office 2025 Interim Management Report

Action: the Committee to receive a Closure Report at its next meeting.

2.6. QAO - 2025 AUDIT COMMITTEE BRIEFING PAPER

QAO gave a verbal overview of the Briefing Paper.

QAO will refine the report and present on the findings at the next meeting. (Action: forward agenda item)

Officer's Recommendation

It is recommended that the Audit and Risk Committee receive and note the Queensland Audit Office 2025 Briefing Paper

Committee Decision

The Audit and Risk Committee resolved receive and note the Queensland Audit Office 2025 Briefing Paper

2.7. INTERNAL AUDIT: ASSET MANAGEMENT REPORT

Crowe gave a verbal overview of the Internal Auditor Asset Management Report.

- The audit has identified 3 High Risk and 2 Medium Risk findings.
- Objectives and the scope of the audit were set with Council prior to the review

Management has agreed to the recommendations and action for improvement.

A closure report on progress made towards recommended actions will be provided to the Committee in approximately six months' time.

There was general discussion about the role of quality data and fit for purpose information systems and the role they play in adequate asset management.

Officer's Recommendation

It is recommended that the Audit and Risk Committee note the report and proposed management response.

Committee Decision

The Audit and Risk Committee resolved to note the report and management response.

2.8. QUARTERLY REPORT - CAPITAL WORKS

The Chief Engineer TC Jasper Infrastructure and Recovery presented a verbal update on the Major Project Report.

Major projects include:

- Port Douglas Splash Park
- Mossman River Intake
- Daintree River Ferry and Landside Infrastructure

Officer's Recommendation

It is recommended that the Audit and Risk Committee receive and note the Major Projects Report

Committee Decision

The Audit and Risk Committee resolved to receive and note the Major Projects Report

2.9. QUARTERLY REPORT - CYBER SECURITY STATUS UPDATE

As the Team Leader ICT was not present, the General Manager TC Jasper Corporate & Communities presented a verbal update on the cyber security status

The report provided information on measures taken to mitigate the cyber security risk to Council which include a quarterly cyber improvement update to the Senior Leadership Team that focuses on systems identified that require priority attention.

Discussion centred on Council's challenges with bringing external consultants in to assist with projects that are perceived to be "Council spending money on itself" which is challenging to elected members.

Chair commented that ICT will be moving from a capital investment approach to subscription based products and the cloud with recurring ongoing and predictable costs; and from depreciation of software to subscriptions and that this will require high level strategy as to how to implement this sustainably into the future .

Officer's Recommendation

It is recommended that the Audit and Risk Committee note the Cyber Security update.

Committee Decision

The Audit and Risk Committee resolved to note the Cyber Security update.

2.10. QUARTERLY REPORT - WORK HEALTH SAFETY

The Manager People Safety and Culture presented a verbal update on the Work Health and Safety.

Officer's Recommendation

It is recommended that the Audit and Risk Committee notes the Quarterly Work Health and Safety report.

Committee Decision

The Audit and Risk Committee resolved to note the Quarterly Work Health and Safety report.

2.11. QUARTERLY REPORT - RISK PROFILE

The Coordinator Governance Strategy and Risk presented a verbal update on the risk review.

The report provides an update on the review and sets out the eight themes proposed to be adopted as the basis of Council's future strategic risk profile.

Officer's Recommendation

It is recommended that the Audit and Risk Committee note the proposed core strategic risk themes and progress update on the risk review and provide feedback.

Committee Decision

The Audit and Risk Committee resolved to note the proposed core strategic risk themes and progress update on the risk review and provide feedback.

3. OTHER BUSINESS

The Chair praised the customer service focus and skill of Council employees.

4. CLOSURE OF MEETING

- The Chair thanked all for taking the time to attend today.
- The meeting closed at 4:33pm.
