

Winton Shire Council Audit, Risk & Improvement Committee Meeting Held at Winton Shire Council Boardroom on Monday, 28 October 2024 at 2:00 pm

1 Commencement of Meeting

The meeting commenced at 2:00pm

2 Present

Cr Tina Elliott (Chair / Deputy Mayor – on line), Ms Leia Mitchell (Community Member – on line), Ms Kirsten Raitelli (Community Member – on line)

In attendance

Cr Cathy White (Mayor), Cr Julie Dorries, Mr Jacques Coetzee (Qld Audit Office – on line), Mr Matthew Monaghan (William Buck – Auditors – on line), Mr Peter Gogsch (Internal Accountant – on line), Ricki Bruhn (Interim CEO), Adam Seiler (Interim Finance Manager), Kirby Reents (Secretariat),

3 Apologies

Nil

4 Confirmation of Minutes

RECOMMENDATION

That the minutes of the Audit, Risk & Improvement Meeting held on 22 August 2024 be confirmed.

Moved: Cr Tina Elliott

Seconded: Kirsten Raitelli



5 Business Arising Out of Previous Meeting

No business arising

6 Consideration of General Purpose Financial Statements

Addressed by Peter Gogsch (Accountant)

Operating outcome

- Significant decrease in operating income – 2 main reasons –
 - FAGS grant traditionally paid at the end of June, didn't come in until July 2024 in the amount of \$9m. There was another \$2m in grants not received this year.
 - Sales Down \$8.6 to \$3m – less recoverable works for TMR
- Interest revenue increased – about double from \$0.565m to \$1.08m
- Capital Grants – flood damage for road infrastructure \$6m to \$14m this year.
- Employee expenses – flat
- Material & Services down by approx. \$3m – lower recoverable works, plant charges tied into that.
- Depreciation from \$5.1m to \$5.6m this year – increased capital infrastructure and recent revaluations.
- Damage sustained by council – a bit over \$10m which should be funded over the next two years.

Balance Sheet

- Cash position – sizeable decrease from \$33m to \$22m – main driver late receipt of FAGS grant of \$9m as well as a net contract balances increase of \$4m – capital works that Council has undertaken that grants have not yet been received for. Mainly flood damage works.
- Contract liability increase \$1.2m – net increase of \$3m to Council.
- Timing issue is the most significant factor.
- PPP – increased – ongoing capital investment and general equipment
- Liabilities – General payable decreased by \$3m and borrowings continue to decrease – 3 to 4 years left to run off.

Cash Flows

- Big turn around in cash
- Last year Inflows \$8m this year outflow of \$10.5m – again due to FAGS grant, contract balances
- Spent \$14.8m on infrastructure and plant and equipment about \$14m funded by third parties.
- \$260k net repayment decrease in loan balances



7 Consideration of Closing Report

Addressed by Matthew Monaghan (Auditor)

- Ready to go, subject to Council approval – same or similar comments to those provided by Peter Gogsch
- Section 2 – sustainability with additional ratios – FAGS grant significant effect.
- Asset sustainability due to ongoing flood damage this remains high.
- Page 6 – Waltzing Matilda Centre Ltd has been audited as well – waiting on some updated financials to complete
- Certificates for LRCI and Roads to Recovery – working with Council to meeting the date this is required (31/10/24)
- Materiality – reduced
- Issues (new items)
 - impact of the flood damage and impact on asset register
 - Stocktake not being performed.
 - Section 6 – response to open items – a number have been cleared.
 - Small mis statements - \$1.3m pertaining to asset revaluation.
 - Very few changes were made to the statements.

8 Discussion points

Addressed by Adam Seiler (Interim Finance Manager)

- Sent an email in relation to Purchase Orders to tighten processes – producing reports that identify any areas where the purchase order is raised after the purchase.
- A significant deficiency not a qualification.

Discussion:

- 33% of transactions were dated after the purchase date – it was an issue before but was around 12%.

Question:

Road to Recovery and LRCI – are these all being addressed? Have steps been taken to ensure this is business as usual rather than left to last minute? Sits under the Finance Manager responsibilities.

- No returns were done to 30/06/2022. Phase 1 and Phase 2 have been completed and returns should have been done.
- Currently in process of being done – gathering the information to make sure the returns are completed.
- Finance Manager has been liaising with William Buck to remedy the problems.



9. Queensland Audit Office

Addressed by Jacques Coetzee (Queensland Audit Office)

- Highlight of the importance of the sustainability ratios – still an opportunity to improve the ratios over time – the useful information it provides to Council.
- FAGS – what the graph shows is the reliance of Council on those grants to enable Council to deliver their services. Useful in determining what it means for Council in relation to rates and services delivered.
- Depreciation – about 10% increase – revaluation of Council's assets – across the sector – increase in replacement costs, inflation, etc. the positive is that quite a lot of this is flood damage that has been funded. Point to consider is what this means in relation to longevity and renewal of Council's assets?

Discussion:

- LGAQ conference discussion about what assets should / should not be depreciated.
- The true picture in relation to FAGS grant – not having it in has provided an opportunity to see the true picture. If the other \$8-9m had been in then it would have appeared that Council was cruising along.
- QAO actually excludes some of the FAGS grants when reviewing Council operations. The late payment shows the actual operations as the money is for future works.

Cover Letter

Addressed by Jacques Coetzee (Queensland Audit Office)

- Highlighted additional fees for the LRCI acquittals. Usually include an estimate component for certification work.

Audit Report

Addressed by Jacques Coetzee (Queensland Audit Office)

- No further updates at this time. Water Quality has not had an update. Invite our Internal Auditors to the next meeting.

Action:

Invite Winton Shire Council Internal Auditor to the next meeting.

Update:

The action is being addressed as at 13/11/2024 – contact details requested.

10. Other business

Non disclosure agreement

These were supposed to be sent out and does not appear to have occurred

Action:

Send Non-disclosure agreements to Community Members for their attention.

Update:

This action, from a previous recommendation, was attended to on 13/11/2024



Matters to be addressed

- Geo Thermal Deed of Settlement has been signed with the funds to follow next week
- Neighbourhood Centre underpayment of wages. There were a few areas where further information has been required with a provision being made in the budget. As a figure has been accrued and the matter continues there does not appear to be materiality in relation to the audit. Same considerations and thoughts in relation to subsequent event disclosures.

RECOMMENDATION

That the General Purpose Financial Statements be accepted as presented and be signed off by the Mayor and Chief Executive Officer.

Moved: Cr Tina Elliott

Seconded: Leia Mitchell

RECOMMENDATION

That the Closing Report be accepted as presented.

Moved: Kirsten Raitelli

Seconded: Leia Mitchell

6 CLOSURE AND NEXT MEETING DATE

The meeting closed at 2:52pm

Next Meeting: to be advised – scheduled for February 2025

