



REPORT & RECOMMENDATIONS

Audit Committee Meeting

Thursday 12 November 2020

commencing at 1.00pm

Strathpine Chambers
220 Gympie Road, Strathpine

ENDORSED GM20201125

CHAIRPERSON'S REPORT

The recommendations contained within this report of the Audit Committee meeting held 12 November 2020 are recommended to the Council for adoption.

COUNCILLOR MATT CONSTANCE
INTERIM CHAIRPERSON
AUDIT COMMITTEE

Membership = 5

(two Councillors and three external members plus one alternate member (Councillor))

Quorum = 3

Councillors

Cr Matt Constance (interim Chairperson)
Cr Cath Tonks
Cr Jodie Shipway (alternate member)

External Committee Members

Mr Stephen Coates
Ms Helen Moore
Mr Peter Scott

Adoption Extract from General Meeting – 25 November 2020 (Page 20/1962)

Audit Committee Meeting - 12 November 2020 (Pages 20/1947 - 20/1960)

RESOLUTION

Moved by Cr Matt Constance

Seconded by Cr Cath Tonks

CARRIED 13/0

That the report and recommendations of the Audit Committee Meeting held 12 November 2020, be adopted.

SCHEDULE OF ITEMS

1 POTENTIAL CONFLICT OF INTEREST DECLARATIONS

CONDUCT AND RECORD OF MEETING

2 SIGNIFICANT ORGANISATION & SYSTEM MATTERS

ITEM 2.1 1950
CHIEF EXECUTIVE OFFICER UPDATE
COMMITTEE RECOMMENDATION

ITEM 2.2 1950
ANNUAL LEAVE ENTITLEMENTS
COMMITTEE RECOMMENDATION

ITEM 2.3 1951
HSE & WELLBEING STATISTICAL REPORT ON INCIDENTS AND TRENDS
COMMITTEE RECOMMENDATION

3 ENTERPRISE RISK MANAGEMENT ACTIVITIES UPDATE

ITEM 3.1 1952
CORPORATE SYSTEMS REVIEW
COMMITTEE RECOMMENDATION

ITEM 3.2 1952
FRAUD RISK AND CORRUPTION CONTROL GROUP - MINUTES OF MEETINGS
COMMITTEE RECOMMENDATION

ITEM 3.3 1953
HIGH-LEVEL SECURITY REVIEW
COMMITTEE RECOMMENDATION

ITEM 3.4 1953
REPORTABLE LOSSES
COMMITTEE RECOMMENDATION

ITEM 3.5 1954
COMPLAINT MANAGEMENT POLICY AND PROCEDURE
COMMITTEE RECOMMENDATION

ITEM 3.6 1954
FRAUD AND CORRUPTION CONTROL POLICY AND PLAN
COMMITTEE RECOMMENDATION

ITEM 3.7 1955
ENTERPRISE RISK MANAGEMENT POLICY AND PROCEDURE
COMMITTEE RECOMMENDATION

4 FINANCIAL REPORTING

ITEM 4.1 1956
FINANCIAL REPORTS

COMMITTEE RECOMMENDATION

ITEM 4.2 1956
FINANCIAL STATEMENTS / SUSTAINABILITY STATEMENTS

COMMITTEE RECOMMENDATION

5 EXTERNAL AUDITOR REPORT

ITEM 5.1 1957
QUEENSLAND AUDIT OFFICE

COMMITTEE RECOMMENDATION

6 INTERNAL AUDIT OVERVIEW, REPORTS & FOLLOW-UP ACTIONS

ITEM 6.1 1958
INTERNAL AUDIT OVERVIEW

COMMITTEE RECOMMENDATION

7 GENERAL BUSINESS

ITEM 7.1 1959
APPOINTMENT OF AUDIT COMMITTEE CHAIRPERSON

COMMITTEE RECOMMENDATION

8 NEXT AUDIT COMMITTEE MEETING

ATTENDANCE & APOLOGIES

Attendance:

Committee Members:

Cr Matt Constance (Interim Chairperson) * via Microsoft Teams
Cr Cath Tonks
Cr Jodie Shipway (alternate member)
Mr Stephen Coates
Ms Helen Moore
Mr Peter Scott

Invited External Representatives:

Mr Michael Keane (Queensland Audit Office)
Mr Charles Strickland (Queensland Audit Office)

Officers:

Chief Executive Officer	Greg Chemello
Acting Director Finance & Corporate Services	Darren Dallinger
Principal Internal Auditor	Jill Tavares
Accounting Services Manager	Denis Crowe

Officers attending for specific items:

Manager People, Culture & Safety	Sean Halloran
Governance Manager	Megan Praeger
Project Manager	Loretta Libke
ICT Manager	Tim Gepp
Meeting Support	Kathrine Crocker

Apologies:

Nil

1 POTENTIAL CONFLICT OF INTEREST DECLARATIONS

Committee members are required to provide written declarations declaring any potential or actual conflicts of interest they may have in relation to their responsibilities.

As they arise between meetings, or at the beginning of each Committee meeting, members are required to declare any new or changed potential or actual conflicts of interest that may apply to specific matters on the meeting agenda.

No new declarations were made at this time.

CONDUCT AND RECORD OF MEETING

Conduct in closed session

Council is obligated under Chapter 8, Part 2 Division 1A of the Local Government Regulation 2012 (Regulation) for its meetings to be open.

s254A(2) of the Regulation states that Division 1A does not apply to Audit Committee meetings.

In accordance with Council's Decision-making Framework, Audit Committee meetings are not open to the public and are conducted in closed session.

Record

The Audit Committee is a non-decision-making meeting

S211 of the Regulation states:

- (1)(c) as soon as practicable after a meeting of the committee, give the local government a written report about the matters reviewed at the meeting and the committee's recommendations about the matters.*
- (1)(4) the Chief Executive Officer must present the report mentioned in subsection (1)(c) at the next meeting of the local government.*

The report and recommendations from this meeting will be submitted to Council's next General Meeting for adoption in accordance with s211 of the Regulation.

CLOSED SESSION

Moved by Cr Cath Tonks

Seconded by Stephen Coates

CARRIED

That the meeting be conducted in closed session.

ATTENDANCE

Helen Moore attended the meeting at 1:20PM during discussion on Item 2.3.

The Interim Chairperson enquired of any potential conflict of interest declarations.
Ms Moore advised that she had no declarations other than already on record.

Stephen Coates retired from the meeting at 2:07 PM following discussions on Item 3.3.

Stephen Coates returned to the meeting at 3.15pm following discussion of Item 5.1.

OPEN SESSION

Moved by Cr Stephen Coates

Seconded by Cr Cath Tonks

CARRIED

That the following recommendations be adopted and reported to the Council for adoption.

2 SIGNIFICANT ORGANISATION & SYSTEM MATTERS

ITEM 2.1 CHIEF EXECUTIVE OFFICER UPDATE

Meeting / Session: AUDIT COMMITTEE
Responsible Officer: GC, Chief Executive Officer (CEO's Office)

The Chief Executive Officer provided an update on the following matters:

- Appointment of a Principal Internal Auditor
- Organisational reform and recruitment
- Council's economic development function
- Appointment of Millovate Pty Ltd CEO and independent Directors
- Appointment of a Manager Community Engagement
- Appointment of a Manager Legal Services
- Progress of Governance Framework implementation
- Status of working arrangements as a result of COVID-19

COMMITTEE RECOMMENDATION

Moved by Cr C Tonks

Seconded by Peter Scott

CARRIED

That the update provided by the Chief Executive Officer be noted.

ITEM 2.2 ANNUAL LEAVE ENTITLEMENTS

Meeting / Session: AUDIT COMMITTEE Refer Supporting Information A20809903
Responsible Officer: SH, Manager People, Culture & Safety (FCS, People, Culture & Safety)

In accordance with previous requests, a current status report on excess annual leave is provided to the Audit Committee on an annual basis.

Manager People, Culture & Safety will provide the documentation at the meeting.

COMMITTEE RECOMMENDATION

Moved by Stephen Coates

Seconded by Peter Scott

CARRIED

That the status report detailing annual leave balances be received and noted.

ITEM 2.3

HSE & WELLBEING STATISTICAL REPORT ON INCIDENTS AND TRENDS

Meeting / Session: AUDIT COMMITTEE
Reference: **Refer Supporting Information A20809906**
Responsible Officer: SH, Manager People, Culture & Safety (FCS, People, Culture & Safety)

In accordance with Committee's previous request (29 August 2012) a statistical report on incidents and trends for the past year will be provided for Committee's information.

COMMITTEE RECOMMENDATION

Moved by Cr J Shipway
Seconded by Cr C Tonks

CARRIED

That the HSE & wellbeing statistical report detailing incidents and trends be received and noted.

3 ENTERPRISE RISK MANAGEMENT ACTIVITIES UPDATE

ITEM 3.1 CORPORATE SYSTEMS REVIEW

Meeting / Session: AUDIT COMMITTEE
Reference: **Refer Supporting Information A20794044**
Responsible Officer: LL, Project Manager (FCS Project Services)

The Project Manager provided an update on the TechOne project and the outcome of the auditing reports.

COMMITTEE RECOMMENDATION

Moved by Helen Moore
Seconded by Cr J Shipway

CARRIED

That the update provided in relation to the TechOne project be noted.

ITEM 3.2 FRAUD RISK AND CORRUPTION CONTROL GROUP - MINUTES OF MEETINGS

Meeting / Session: AUDIT COMMITTEE
Reference: **Refer Confidential Supporting Information A20574131 & A20491707**
Responsible Officer: DD, Acting Director Finance & Corporate Services (FCS Directorate)

The Governance Manager attended to present the Fraud Risk Control Group Minutes, including the following documents:

1. Fraud Risk and Corruption Control Group Minutes of 10 September 2020
2. Fraud and Corruption Data and Trends Report July-August 2020

COMMITTEE RECOMMENDATION

Moved by Cr C Tonks
Seconded by Peter Scott

CARRIED

That the Fraud Risk Control Group Minutes of 10 September 2020 and Fraud and Corruption Data and Trends Report of July-August 2020 be received and noted.

**ITEM 3.3
HIGH-LEVEL SECURITY REVIEW**

Meeting / Session: AUDIT COMMITTEE
Reference: Refer **Confidential** Supporting Information A20115270
Responsible Officer: TG, Information and Communication Technology Manager (FCS ITC)

Information and Communication Technology Manager attended to provide feedback on the outcomes of the Telstra High Level Security Review and a status report on ICT implementation.

COMMITTEE RECOMMENDATION

Moved by Peter Scott

Seconded by Helen Moore

CARRIED

That the update provided in relation to High Level Security Review be noted.

**ITEM 3.4
REPORTABLE LOSSES**

Meeting / Session: AUDIT COMMITTEE
Reference: Refer **Confidential** Supporting Information A20777363
Responsible Officer: MP, Governance Manager (FCS Governance & Executive Services)

Governance Manager attended to present Council's Register of Reportable Loss - Council Assets, noting that this register will be provided to the Audit Committee on a quarterly basis.

COMMITTEE RECOMMENDATION

Moved by Cr C Tonks

Seconded by Helen Moore

CARRIED

That the update provided in Council's Register of Reportable Loss - Council Assets be noted.

**ITEM 3.5
COMPLAINT MANAGEMENT POLICY AND PROCEDURE**

Meeting / Session: AUDIT COMMITTEE
Reference: A20736698 : 26 October 2020 - Refer Supporting Information A20359158,
A20472368 & A20718756
Responsible Officer: MP, Governance Manager (FCS Governance & Executive Services)

Executive Summary

The purpose of this report is to provide the Audit Committee with an update about the ongoing review of Council's feedback and complaint management framework.

Governance Manager attended to talk for Items 3.5 to 3.7 inclusive.

COMMITTEE RECOMMENDATION

Moved by Peter Scott

Seconded by Cr C Tonks

CARRIED

1. That the Audit Committee note the contents of this report.
2. That the Complaint Management Policy be submitted to Council for adoption.
3. That a reporting clause be amended to specifically refer to the Audit Committee.

**ITEM 3.6
FRAUD AND CORRUPTION CONTROL POLICY AND PLAN**

Meeting / Session: AUDIT
Reference: A20740828 : 26 October 2020 - Refer Supporting Information A20193367;
A20663575, A20718184
Responsible Officer: MP, Governance Manager (FCS Governance & Executive Services)

Executive Summary

The purpose of this report is to seek approval for the revised Fraud and Corruption Control Policy and Plan (**Supporting Information**) to be progressed to Council for adoption.

COMMITTEE RECOMMENDATION

Moved by Peter Scott

Seconded by Helen Moore

CARRIED

1. That the Audit Committee approve the revised Fraud and Corruption Control Policy and Plan and note that the Policy will be submitted to Council for adoption.
2. That a reporting clause be amended to specifically refer to the FCRCG and the Audit Committee.

ITEM 3.7
ENTERPRISE RISK MANAGEMENT POLICY AND PROCEDURE

Meeting / Session: AUDIT
Reference: A20736891 : 26 October 2020 - Refer Supporting Information A20472639,
A20099426, A20099430 & A20718176
Responsible Officer: MP, Governance Manager (FCS Governance & Executive Services)

Executive Summary

The purpose of this report is to seek approval for the revised draft Enterprise Risk Management (ERM) Policy and Procedure (**Supporting Information**) to be progressed to Council for adoption.

COMMITTEE RECOMMENDATION

Moved by Cr J Shipway

Seconded by Cr C Tonks

CARRIED

That the Audit Committee approve the revised Enterprise Risk Management Policy and Procedure, noting that the Policy will be submitted for Council adoption.

4 FINANCIAL REPORTING

ITEM 4.1 FINANCIAL REPORTS

Meeting / Session: AUDIT
Reference: **Refer Supporting Information A20681381 & A20698741**
(Extract of Actual Report to General Meeting)
Responsible Officer: DW, Coordinator Accounting Services (FCS Accounting Services)

In accordance with the adopted Audit Plan a copy of the most recent financial reporting documents are provided as follows:

- a) Monthly Financial Report for September 2020, as adopted by Council at its meeting of 28 October 2020; and
- b) Quarter 1 Operational Plan Review for 2020/21, as adopted by Council at its meeting of 28 October 2020

It is noted that the attachments are an extract of the report and supporting information from that meeting.

COMMITTEE RECOMMENDATION

Moved by Peter Scott

Seconded by Helen Moore

CARRIED

That the Financial Reports be received and noted as tabled.

ITEM 4.2 FINANCIAL STATEMENTS / SUSTAINABILITY STATEMENTS

Meeting / Session: AUDIT
Reference: **Refer Supporting Information A20685511**
Responsible Officer: DC, Accounting Services Manager (FCS Accounting Services)

In accordance with the adopted Audit Plan a copy of final Financial Statements / Sustainability Statements signed by QAO are provided.

COMMITTEE RECOMMENDATION

Moved by Cr C Tonks

Seconded by Helen Moore

CARRIED

That the final Financial Statements / Sustainability Statements be received and noted as tabled.

5 EXTERNAL AUDITOR REPORT

ITEM 5.1 QUEENSLAND AUDIT OFFICE

Meeting / Session: *AUDIT COMMITTEE*
Reference: *Refer **Confidential** Supporting Information A20792771 & A20792772*

Queensland Audit Office provided an update to the Audit Committee.

COMMITTEE RECOMMENDATION

Moved by Cr C Tonks

Seconded by Cr J Shipway

CARRIED

That the Queensland Audit Office Briefing Note and Final Management Letter be received and noted.

6 INTERNAL AUDIT OVERVIEW, REPORTS & FOLLOW-UP ACTIONS

ITEM 6.1 INTERNAL AUDIT OVERVIEW

Meeting / Session: AUDIT COMMITTEE
Reference: A20788227 : 27 July 2020 - Refer **Confidential** Supporting Information
A20789525 & A20784160
Responsible Officer: JT, Principal Internal Auditor (CEO's Office)

Executive Summary

This report provides information to the Audit Committee on the activities of the Internal Audit function for the period from 7 August 2020 to 6 November 2020.

COMMITTEE RECOMMENDATION

Moved by Stephen Coates

Seconded by Helen Moore

CARRIED

That the Audit Committee notes and endorses this report and associated supporting information.

7 GENERAL BUSINESS

ITEM 7.1 APPOINTMENT OF AUDIT COMMITTEE CHAIRPERSON

At its Post-election Meeting held 29 April 2020, Council determined the composition and appointed councillor members to the Audit Committee, including the appointment of Cr Matt Constance as interim Chairperson of the Audit Committee.

Council also adopted Terms of Reference for the Audit Committee, at that time.

Clause 6 Composition, states:

To improve the level of independence and objectivity, at least two (2) suitably qualified independent external members will be appointed to the Committee under terms and conditions resolved by Council from time to time, with one (1) of them appointed as the Chairperson of the Committee.

In this regard, and subsequent to the appointment of the three external members of the Audit Committee, it is appropriate to consider the appointment of the Chairperson of the Committee from one of the external members.

It must also be noted that, Clause 7 Membership of the Terms of Reference, specifies that:

The Chairperson shall be appointed by Council.

COMMITTEE RECOMMENDATION

Moved by Cr C Tonks

Seconded by Cr J Shipway

CARRIED

1. That Committee recommends Stephen Coates to be appointed as Chairperson of the Audit Committee.
2. That the Audit Committee Terms of Reference be amended to include a “term of appointment” for the Chairperson of the Committee.

Stephen Coates thanked Cr Matt Constance for his efforts over the years as Chairperson of the Audit Committee. Cr Matt Constance responded stating he looked forward to continuing to work together.

8 NEXT AUDIT COMMITTEE MEETING

The following dates were noted for 2021:

11 February (Helen Moore to attend via Teams)
20 May
12 August
7 October (teleconference only - Financial Statements)

CLOSURE

There being no further business the Interim Chairperson closed the meeting at 3:45 PM.