



REPORT

Audit Committee Meeting

Thursday 20 May 2021
commencing at 1.01pm

Strathpine Chambers
220 Gympie Road, Strathpine

ENDORSED GM20210609

CHAIRPERSON'S REPORT

The recommendations contained within this report of the Audit Committee meeting held 20 May 2021 are recommended to the Council for adoption.

STEPHEN COATES
CHAIRPERSON
AUDIT COMMITTEE

Membership = 5

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

Quorum = 3

Councillors

Cr Matt Constance

Cr Cath Tonks

Cr Jodie Shipway (alternate member)

External Committee Members

Mr Stephen Coates (Chairperson)

Ms Helen Moore

Mr Peter Scott

Audit Committee Meeting - 20 May 2021 (Pages 21/617 - 21/634)

RESOLUTION

Moved by Cr Matt Constance

Seconded by Cr Jodie Shipway

CARRIED 13/0

That the report and recommendations of the Audit Committee Meeting held 20 May 2021, be adopted.

SCHEDULE OF ITEMS

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ATTENDANCE & APOLOGIES

Attendance:

Committee Members:

Mr Stephen Coates (Chairperson)
Cr Matt Constance
Cr Cath Tonks
Cr Jodie Shipway
Ms Helen Moore *via Video Conference
Mr Peter Scott *via Video Conference

Observer:

Cr Sandra Ruck

Invited External Representatives:

Mr Michael Keane (Queensland Audit Office)
Mr Charles Strickland (Queensland Audit Office) *via Video Conference 1.01pm to 1.25pm

Officers:

Chief Executive Officer	Greg Chemello
Director Finance & Corporate Services	Donna Gregory
Internal Auditor Manager	Jill Tavares
Accounting Services Manager	Denis Crowe
Meeting Support	Larissa Kerrisk

Apologies:

Nil

External Representatives attended for:

Item 6.1
Sean Rooney and Hussain Poonawala - PwC (via Video Conference 1.24pm - 1.37pm)
Luke Kim and Jon Lucas - Ernst & Young (via Video Conference 1.41pm - 1.56pm)

Item 3.1
Project Manager Loretta Libke - 2.06pm - 2.21pm

Item 3.2 - Item 3.4
Governance Manager Megan Praeger - 2.25pm - 2.38pm

IN CAMERA SESSION

Pursuant to the Audit Committee Terms of Reference and at the request of the Audit Committee Chairperson, an in camera session was held (closed session to Committee Members only).

The in camera session commenced at 1.03pm with only Committee members, Observer (Cr Sandra Ruck) and the Chief Executive Officer in attendance.

The meeting reconvened in closed session at 1.09pm.

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.

Notified Potential Conflict of Interest

Stephen Coates (Chairperson) advised of a notified potential conflict of interest which is to be managed by the Auditor General's Office and Moreton Bay Regional Council's Chief Executive Officer. The potential conflict of interest relates to staff assigned to Council's external audit.

Record of advice - Helen Moore

Helen Moore advised that although not a conflict of interest placed on record that she became a Non-Executive Director of Binna Burra on 20 March 2021.

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.

2 SIGNIFICANT ORGANISATION & SYSTEM MATTERS

ITEM 2.1 SIGNIFICANT ORGANISATION & SYSTEM MATTERS

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

The Chief Executive Officer provided an update to the Audit Committee on relevant organisational matters, as outlined below:

- Status update on the staff survey
- Recruitment - noting it is proceeding well and the retention rate is within the aimed range
- Organisational structure - currently being fine-tuned
- The Leader Connect forum held with managers and team leaders across the organisation has continued to work well
- TechOne
- Policy Framework Implementation is underway with a number of policies having now been converted to Operational Directives.
- Economic Development Department have been successful with a strong strategy, full team and a good set of policies to work with
- Community Engagement team has expanded
- Moreton Says Survey is underway - responses have been received however noted there are communities yet to be engaged with
- 2021/22 budget process
- MILLovate - update on governance and Master Plan review

COMMITTEE RECOMMENDATION

Moved by Cr Matt Constance

Seconded by Cr Cath Tonks

CARRIED

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

ITEM 2.2
STAFF SURVEY

Meeting / Session: *AUDIT COMMITTEE*
Responsible Officer: *DG, Director Finance & Corporate Services (FCS)*

Director Finance & Corporate Services provided an update on the staff survey.

COMMITTEE RECOMMENDATION

Moved by Cr Jodie Shipway
Seconded by Helen Moore

CARRIED

That the update provided in relation to the staff survey be noted.

**ITEM 2.3
MILLOVATE UPDATE**

Meeting / Session: AUDIT
Reference: 61992633 : 6 May 2021 - Refer **Confidential** Supporting Information
62022842
Responsible Officer: DG, Director Finance and Corporate Services (FCS Directorate)

Executive Summary

The purpose of this paper is to provide a summary of the work Council has undertaken to date in establishing MILLOvate. This report provides information that will assist the Committee to understand the Governance and Engagement Framework that supports the ongoing work between Council and MILLOvate.

COMMITTEE RECOMMENDATION

Moved by Matt Constance

Seconded by Cr Cath Tonks

CARRIED

1. That the report be noted.
2. That the MILLOvate Audit & Risk Committee Chair be requested to keep Council's Audit Committee up to date and that the Minutes from each meeting be provided.

3 ENTERPRISE RISK MANAGEMENT ACTIVITIES UPDATE

ITEM 3.1 CORPORATE SYSTEMS REVIEW

Meeting / Session: AUDIT COMMITTEE - Refer **Confidential** Supporting Information 62024331
Responsible Officer: LL, Project Manager (FCS Project Services)

Project Manager - Loretta Libke will attend Audit Committee to provide an update on the TechOne project.

COMMITTEE RECOMMENDATION

Moved by Matt Constance

Seconded by Cath Tonks

CARRIED

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

ITEM 3.2
REPORTABLE LOSSES

Meeting / Session: AUDIT COMMITTEE
Reference: Refer **Confidential Supporting Information 61965046**
Responsible Officer: DG, Director Finance & Corporate Services (FCS Directorate)

Governance Manager will attend to talk to Council's Register of Reportable Loss - Council Assets, provided for the Audit Committee's information.

The Register will be provided to the Audit Committee on a quarterly basis.

COMMITTEE RECOMMENDATION

Moved by Cr Cath Tonks

Seconded by Cr Jodie Shipway

CARRIED

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

ITEM 3.3
FRAUD RISK & CORRUPTION CONTROL GROUP

Meeting / Session: *AUDIT COMMITTEE*
Reference: **Refer *Confidential* Supporting Information 61989828**
Responsible Officer: *DG, Director Finance & Corporate Services (FCS Directorate)*

The Register will be provided to the Audit Committee on a quarterly basis. As requested at the Audit Committee Meeting held 29 May 2019, the Fraud Risk Control Group Minutes are provided for committee's information.

The following document is provided in the supporting information:

- Memorandum - Fraud and Corruption Trend Data Quarter 3

COMMITTEE RECOMMENDATION

Moved by Cr Jodie Shipway

Seconded by Helen Moore

CARRIED

That the Fraud Risk and Corruption Trend Data Quarter 3 update be noted.

ITEM 3.4
ENTERPRISE RISK MANAGEMENT FRAMEWORK UPDATE

Meeting / Session: AUDIT COMMITTEE
Reference: 61991493 : 7 May 2021 - Refer **Confidential** Supporting Information
61991526
Responsible Officer: MP, Governance Manager (FCS Governance & Executive Services)

Executive Summary

The purpose of this report is to provide a progress update on the implementation of Council's Enterprise Risk Management Framework.

COMMITTEE RECOMMENDATION

Moved by Helen Moore

Seconded by Peter Scott

CARRIED

That the Audit Committee note the progress on the implementation of the Enterprise Risk Management Framework.

4 FINANCIAL REPORTING

ITEM 4.1 MONTHLY FINANCIAL REPORT

Meeting / Session: AUDIT
Reference: **Refer Supporting Information 61892069 & 61909458 (Extract of Actual Report to General Meeting)**
Responsible Officer: DC, Accounting Services Manager (CEO Accounting Services)

In accordance with the adopted Audit Plan a copy of the most recent Financial Reports are attached for Committee's information (refer supporting information).

- a) Monthly Financial Report for 31 March 2021, as adopted by Council at its meeting of 28 April 2021; and
- b) Quarter 3 Operational Plan Review for 2021, as adopted by Council at its meeting of 28 April 2021.

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 Matt Constance

CARRIED

That the Monthly Financial Report for March 2021 and the Quarter 3 Operational Plan Review for 2020/21, as adopted by Council on Wednesday 28 April 2021, be received and noted.

ITEM 4.2
QUEENSLAND AUDIT OFFICE LOCAL GOVERNMENT 2020 REPORT

Meeting / Session: AUDIT
Reference: 61987257 : 6 May 2021 - Refer **Confidential** Supporting Information
61987314
Responsible Officer: DG, Director Finance & Corporate Services (FCS Directorate)

Executive Summary

The purpose of this report is to present the Queensland Audit Office Local Government 2020 Report and outline Council's comparative performance.

COMMITTEE RECOMMENDATION

Moved by Stephen Coates

Seconded by Cr Cath Tonks

CARRIED

That the report be noted.

ITEM 4.3
QUEENSLAND TREASURY CORPORATION - MORETON BAY REGIONAL COUNCIL - 2020 CREDIT REVIEW

Meeting / Session: **AUDIT**
Reference: **Refer *Confidential* Supporting Information 61988165**
Responsible Officer: **DG, Director Finance and Corporate Services (FCS Directorate)**

The following document is provided in the supporting information:

Correspondence dated 30 April 2021 received from Queensland Treasury Corporation regarding Moreton Bay Regional Council's 2020 Credit Review.

COMMITTEE RECOMMENDATION

Moved by Cr Jodie Shipway
Seconded by Cr Cath Tonks

CARRIED

That the correspondence from Queensland Treasury Corporation regarding Moreton Bay Regional Council's 2020 Credit Review be received and noted.

ITEM 4.4
DRAFT PROFORMA FINANCIAL STATEMENTS FOR 2020/21

Meeting / Session: AUDIT
Reference: 61947724: 28 April 2021 - Refer **Confidential** Supporting Information
61968233
Responsible Officer: DC, Accounting Services Manager (FCS Accounting Services)

Executive Summary

The purpose of this report is to present the draft proforma financial statements for 2020/21.

COMMITTEE RECOMMENDATION

Moved by Helen Moore

Seconded by Cr Matt Constance

CARRIED

1. That the draft proforma financial statements for 2020/21 be noted.
2. That it be noted the pro-forma financial statements, as presented, may undergo further refinement in the lead up to the next scheduled Audit Committee meeting to be held in August.

ITEM 4.5
DRAFT BUDGET 2021/22 OVERVIEW

Meeting / Session: AUDIT
Reference: 17 May 2021 - Refer **Confidential** Supporting Information 62032117
Responsible Officer: DG, Director Finance & Corporate Services (FCS)

Executive Summary

Discussion on the budget overview for 2021/22.

COMMITTEE RECOMMENDATION

Moved by Jodie Shipway

Seconded by Matt Constance

CARRIED

That the draft budget overview be noted.

5 EXTERNAL AUDITOR REPORT

ITEM 5.1 QUEENSLAND AUDIT OFFICE UPDATE

Meeting / Session: *AUDIT COMMITTEE*
Reference: *Refer **Confidential** Supporting Information 62008239 & 61850896*

Queensland Audit Office will provide an update to the Audit Committee.

COMMITTEE RECOMMENDATION

Moved by Peter Scott

Seconded by Cr Matt Constance

CARRIED

That the Queensland Audit Office update be received and noted.

6 INTERNAL AUDIT OVERVIEW, REPORTS & FOLLOW-UP ACTIONS

ITEM 6.1 INTERNAL AUDIT OVERVIEW

Meeting / Session: AUDIT
Reference: 62012324 : Refer **Confidential** Supporting Information 62012329, 62012328, 62012326, 62012327 & 62012325
Responsible Officer: JT, Internal Audit Manager (CEOs Office)

Executive Summary

This report provides information to the Audit Committee on the activities of the Internal Audit function for the period from 6 February 2021 to 13 May 2021.

COMMITTEE RECOMMENDATION

Moved by Cr Jodie Shipway

Seconded by Cr Cath Tonks

CARRIED

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

7 GENERAL BUSINESS

There was no General Business.

8 NEXT AUDIT COMMITTEE MEETING

12 August 2021.

CLOSURE

There being no further business the Chairperson closed the meeting at 3.02pm.