



REPORT

Audit Committee Meeting

Wednesday 2 October 2019

commencing at 9.04am

Strathpine Chambers
220 Gympie Road, Strathpine

ENDORSED GM20191008

CHAIRPERSON'S REPORT

The recommendations contained within this report of the Audit Committee meeting held 2 October 2019 are recommended to the Council for adoption.

COUNCILLOR MATT CONSTANCE
CHAIRPERSON
AUDIT COMMITTEE

Membership = 4

Councillor Matt Constance (Chairperson)
Cr Mike Charlton (Deputy Mayor)

Quorum = 2

(Chairperson and one external member)

Mr Patrick McCallum
Mr Stephen Coates

4. B) CONFIRMATION OF COMMITTEE MEETING REPORT & RECOMMENDATION

Audit Committee Meeting - 2 October 2019 (Pages 19/2135 to 19/2138)

RESOLUTION

Moved by Cr Matt Constance

Seconded by Cr Darren Grimwade

CARRIED 12/0

That the report and recommendations of the Audit Committee Meeting held 2 October 2019, be adopted.

SCHEDULE OF ITEMS

1 POTENTIAL CONFLICT OF INTEREST DECLARATIONS

CLOSED SESSION

COMMITTEE RECOMMENDATION

RESUME IN OPEN SESSION

COMMITTEE RECOMMENDATION

4 FINANCIAL REPORTING

ITEM 4.1

2018/19 FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS - REGIONAL

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COMMITTEE RECOMMENDATION

5 EXTERNAL AUDITOR REPORT

ITEM 5.1

QUEENSLAND AUDIT OFFICE CLOSING REPORT FOR YEAR ENDING 30 JUNE 2019

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COMMITTEE RECOMMENDATION

7 GENERAL BUSINESS

8 NEXT AUDIT COMMITTEE MEETING

CLOSURE

ATTENDANCE & APOLOGIES

Attendance:

Committee Members:

Cr Matt Constance (Chairperson) - attended via video conference
Cr Mike Charlton (Deputy Mayor) - attended via video conference
Mr Patrick McCallum - attended via video conference
Mr Stephen Coates - attended via video conference

Invited External Representatives:

Mr Michael Keane (Queensland Audit Office) - attended via video conference
Ms Carolyn Dougherty (Queensland Audit Office) - attended via video conference

Officers:

Acting Chief Executive Officer	Graeme Kanofski
Interim Director Finance and Corporate Services	Bruce Davidson
Accounting Services Manager	Denis Crowe
Acting Manager Human Resources & Principal Internal Auditor	Shara Reid

Meeting Support	Hayley Kenzler
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Apologies:

Nil

1 POTENTIAL CONFLICT OF INTEREST DECLARATIONS

Mr Patrick McCallum disclosed that he performs services for the firm O'Connor Marsden & Associates (OCM) which is one of the consulting firms on the Queensland Government Standing Offer Arrangement QGCPO878-13 for Professional Services including Internal Audit and from which Moreton Bay Regional Council selects its contracted internal auditors. Mr McCallum is employed by and does not have an ownership interest in OCM. Mr McCallum stated he would take the Audit Committee Chair's advice to avoid any perception of a possible conflict arising from OCM's participation in the whole of government standing offer arrangement.

Mr Pat McCallum also declared that OCM has been engaged to provide project assurance services to the University of the Sunshine Coast in relation to the Moreton Bay University Precinct Program (UP). These services are to be provided on a continuing basis to 30 June 2020. Mr McCallum is on the engagement team to provide these services. Mr McCallum recognises that MBRC has its separate interests in the UP - his role as an external member of the MBRC Audit Committee and his role in the engagement team of the UP Assurance may give rise to potential for conflicts.

To address any potential conflicts of interest, Mr McCallum agreed to the following:

- a) To adhere to his confidentiality obligations as per Confidentiality Agreement dated 11 May 2016 - Principal Internal Auditor (**PIA**) to send a copy to Mr McCallum
- b) To remove himself if any UP information comes before the Audit Committee
- c) UP information to be removed from Mr McCallum's Audit Committee papers - PIA to review Mr McCallum's Audit Committee papers before they are sent to him
- d) To declare potential conflict of interest at Audit Committee Meeting
- e) PIA to send email to Human Resources to advise of the potential conflicts of interest, and the measures taken to manage the issue.

CLOSED SESSION

COMMITTEE RECOMMENDATION

Moved by Pat McCallum

Seconded by Stephen Coates

CARRIED

That the meeting be closed pursuant to s275 (1) of the Local Government Regulation 2012, clause (h) as the matter involves other business for which a public discussion would be likely to prejudice the interests of the Council or someone else, or enable a person to gain a financial advantage.

The closed session commenced at 9.06am.

RESUME IN OPEN SESSION

COMMITTEE RECOMMENDATION

Moved by Pat McCallum

Seconded by Cr Mike Charlton (Deputy Mayor)

CARRIED

That Committee resume in open session.

The open session resumed at 9.50am.

4 FINANCIAL REPORTING

ITEM 4.1

2018/19 FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS - REGIONAL

Meeting / Session: AUDIT
Reference: A19055681 : 5 September 2019 - **Refer Supporting Information A19095609**
Responsible Officer: DC, Accounting Services Manager (CORP Accounting Services)

Executive Summary

The purpose of this report is to present the proposed Financial Statements for 2018/19 and the accompanying sustainability statements prior to management certification and subsequent Auditor-General sign off.

COMMITTEE RECOMMENDATION

Moved by Stephen Coates

Seconded by Cr Mike Charlton (Deputy Mayor)

CARRIED

1. That the proposed Financial Statements for 2018/19, Current Year Financial Sustainability Statement and Long-Term Sustainability Statement be received.
2. That the Financial Statements for 2018/19 and the Sustainability Statements as presented be certified by management and forwarded to Queensland Audit Office for signing by the Auditor-General.
3. That Council acknowledges the cooperation and assistance of the Queensland Audit Office during the 2018/19 audit.
4. The Committee notes the Financial Statements for the year ended 30 June 2019 prepared by management and the Queensland Audit Office interim closing report of 27 September 2019. Subject to any revision of the Queensland Audit Office closing report, and based on its oversight of the preparation process and the work of the Committee during the year, the Committee is of the view that the report is complete and consistent with the information known to Committee members, and reflects appropriate accounting principles, standards and regulatory statements.

5 EXTERNAL AUDITOR REPORT

ITEM 5.1 QUEENSLAND AUDIT OFFICE CLOSING REPORT FOR YEAR ENDING 30 JUNE 2019

Meeting / Session: *AUDIT COMMITTEE*
Reference: *Refer Supporting Information A19150511*

The Queensland Audit Office will attend committee to consider its closing report for year ending 30 June 2019.

COMMITTEE RECOMMENDATION

Moved by Cr Mike Charlton (Deputy Mayor)

Seconded by Cr Pat McCallum

CARRIED

That the Queensland Audit Office interim closing report for year ending 30 June 2019 be received and noted.

7 GENERAL BUSINESS

Nil.

8 NEXT AUDIT COMMITTEE MEETING

Wednesday 13 November 2019.

CLOSURE

There being no further business the Chairperson closed the meeting at 9.54am.