



# REPORT

## **Audit Committee Meeting**

**Monday 15 June 2020**

commencing at 2.00pm

Strathpine Chambers  
220 Gympie Road, Strathpine

**ENDORSED GM20200624**

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**Adoption Extract from General Meeting – 24 June 2020 (Page 20/1142)**

5. B) ADOPTION OF AUDIT COMMITTEE MEETING REPORT & RECOMMENDATIONS

**Audit Committee Meeting - 15 June 2020 (Pages 20/1134 - 20/1143)**

**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 15 June 2020, be adopted.**

## SCHEDULE OF ITEMS

### 1 POTENTIAL CONFLICT OF INTEREST DECLARATIONS

#### CLOSED SESSION (Confidential items)

#### OPEN SESSION

### 2 SIGNIFICANT ORGANISATION & SYSTEM MATTERS

ITEM 2.1 ORGANISATIONAL REVIEW IMPLEMENTATION	1137
ITEM 2.2 LOCAL GOVERNMENT MUTUAL MEMBERSHIP RENEWAL 2020/21	1137

### 3 ENTERPRISE RISK MANAGEMENT ACTIVITIES UPDATE

ITEM 3.1 CORPORATE SYSTEMS REVIEW	1138
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### 4 FINANCIAL REPORTING

ITEM 4.1 MONTHLY FINANCIAL REPORT - MARCH 2020	1139
ITEM 4.2 QUARTER 3 OPERATIONAL PLAN REVIEW	1139
ITEM 4.3 DRAFT PROFORMA FINANCIAL STATEMENTS FOR 2019/20	1140
ITEM 4.4 DRAFT BUDGETED FINANCIALS	1140

### 5 EXTERNAL AUDITOR REPORT

ITEM 5.1 QAO INTERIM MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2020	1141
ITEM 5.2 QUEENSLAND AUDIT OFFICE UPDATE	1141

### 6 INTERNAL AUDIT OVERVIEW, REPORTS & FOLLOW-UP ACTIONS

ITEM 6.1 INTERNAL AUDIT OVERVIEW	1142
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### 7 GENERAL BUSINESS

ITEM 7.1 AUDIT COMMITTEE TERMS OF REFERENCE - STANDING AGENDA ITEMS	1143
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### 8 NEXT AUDIT COMMITTEE MEETING

#### CLOSURE

## ATTENDANCE & APOLOGIES

### **Attendance:**

#### Committee Members:

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

Mr Patrick McCallum  
Mr Stephen Coates

#### Invited External Representatives:

Mr Charles Strickland (Queensland Audit Office)  
Ms Cini Philip (Queensland Audit Office)

#### Officers:

Chief Executive Officer  
Director Finance & Corporate Services  
Accounting Services Manager

Greg Chemello  
Donna Gregory  
Denis Crowe

Team Leader Meeting Support

Kathrine Crocker

### **Apologies:**

Nil

Stephen Coates was not present at the commencement of the meeting.

## 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.*

### **Declaration of Conflict of Interest - Mr Pat McCallum**

**Mr Patrick McCallum** disclosed that he performs services for the firm O'Connor Marsden & Associates (OCM) which has been engaged by Council to lead a review of its Risk Management Framework.

Mr McCallum is employed by and does not have an ownership interest in OCM.

**Mr Patrick McCallum** also disclosed that his son, Lance McCallum, was the Member for Bundamba and was also a member of the State Government's Economics and Governance Committee - a portfolio committee of the Queensland Legislative Assembly responsible for the portfolio areas including Local Government, Racing, and Multicultural Affairs.

Mr McCallum will take the Audit Committee Chair's advice to avoid any perception of a possible conflict should it arise.

**CLOSED SESSION (Confidential items)**

*(Resolution the meeting be closed under s275 of the Local Government Regulation 2012)*

**COMMITTEE RECOMMENDATION**

Moved by Pat McCallum

Seconded by Cr Cath Tonks

**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 2.10pm.

**ATTENDANCE**

The following representatives attended the meeting for discussion on respective items, leaving the meeting after discussion on those specific matters:

**Item 2.1 - Organisational Review Implementation**

Bruce Davidson - Change Facilitator

**Item 6.1 2(e) - Internal Audit Review**

Stuart McDowall (Grant Thornton) \* via Skype

**Item 3.1 - Corporate Systems Review**

Loretta Libke - Project Manager

**Item 6.1 2(d) - Progress report on the implementation of audit recommendations**

Tony Martini - Director Engineering, Construction & Maintenance \* via Skype

Bill Halpin - Director Community & Environmental Services \* via Skype

**ATTENDANCE**

Stephen Coates attended the meeting at 2:26 PM during discussion on Item 2.1.

During Closed Session, the Audit Committee went into a 'Committee of the Whole' session and officers retired from the meeting at this time.

**OPEN SESSION**

**COMMITTEE RECOMMENDATION**

Moved by Pat McCallum

Seconded by Stephen Coates

**CARRIED**

**That Committee resume in open session and that the following recommendations be adopted.**

The open session resumed at 4:17 PM.  
Officers returned to the meeting at this time.

## 2 SIGNIFICANT ORGANISATION & SYSTEM MATTERS

### ITEM 2.1 ORGANISATIONAL REVIEW IMPLEMENTATION

*Meeting / Session:* AUDIT COMMITTEE  
*Reference:* A20132812 : 9 June 2020 - **Refer Supporting Information A20132814**  
*Responsible Officer:* BD, Change Facilitator (CEOs Office)

In September 2019 Council adopted the Organisational Review Report by Grassroots Connections Australia (GCA) and committed to the implementation of the report's recommendations.

A report prepared by the Change Facilitator provided an update on the progress of the implementation strategy for the Audit Committee's information.

#### COMMITTEE RECOMMENDATION

Moved by Pat McCallum

Seconded by Cr Cath Tonks

CARRIED

That the status report on the organisational review implementation be noted.

### ITEM 2.2 LOCAL GOVERNMENT MUTUAL MEMBERSHIP RENEWAL 2020/21

*Meeting / Session:* AUDIT COMMITTEE  
*Reference:* 9 June 2020 **Refer Supporting Information A20128872**  
*Responsible Officer:* DG, Director Finance & Corporate Services (CEO, Finance & Corporate Services)

#### 1. Executive Summary

The attached Briefing Note regarding Council's Local Government Mutual Membership for 2020/21 was provided to Council on 9 June 2020, and is also provided to Audit Committee for information.

#### COMMITTEE RECOMMENDATION

Moved by Stephen Coates

Seconded by Cr Cath Tonks

CARRIED

That the Briefing Note regarding Council's Local Government Mutual Membership for 2020/21 be noted.

### 3 ENTERPRISE RISK MANAGEMENT ACTIVITIES UPDATE

#### ITEM 3.1 CORPORATE SYSTEMS REVIEW

*Meeting / Session:* AUDIT COMMITTEE  
*Responsible Officer:* LL, Project Manager

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Project Manager attended to provide an update on the TechOne project.

#### COMMITTEE RECOMMENDATION

**Moved by Cr Cath Tonks**  
**Seconded by Pat McCallum**

**CARRIED**

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



## 4 FINANCIAL REPORTING

### ITEM 4.1 MONTHLY FINANCIAL REPORT - MARCH 2020

*Meeting / Session:* AUDIT COMMITTEE  
*Reference:* **Refer Supporting Information A19947412 (Extract of Actual Report to General Meeting)**  
*Responsible Officer:* DW, Coordinator Accounting Services (CEO Accounting Services)

In accordance with the adopted Audit Plan a copy of the most recent Monthly Financial Report for March 2020, as adopted by Council at its meeting of 27 May 2020, is attached for Committee's information (refer supporting information #1).

It is noted that the attachment is as an extract of the report and supporting information from that meeting.

#### COMMITTEE RECOMMENDATION

Moved by Pat McCallum

Seconded by Cr Cath Tonks

CARRIED

That the Monthly Financial Report for March 2020, be received and noted.

### ITEM 4.2 QUARTER 3 OPERATIONAL PLAN REVIEW

*Meeting / Session:* AUDIT COMMITTEE  
*Reference:* **Refer Supporting Information A19995421 (Extract of Actual Report to General Meeting)**  
*Responsible Officer:* DC, Accounting Services Manager (CEO Accounting Services)

A copy of the Quarter 3 Operational Plan Review for 2019/20, as adopted by Council at its meeting of 27 May 2020, is attached for Committee's information (refer supporting information #1).

It is noted that the attachment is as an extract of the report and supporting information from that meeting.

#### COMMITTEE RECOMMENDATION

Moved by Cr Cath Tonks

Seconded by Pat McCallum

CARRIED

That the Quarter 3 Operational Plan Review for 2019/20, be received and noted.

**ITEM 4.3**  
**DRAFT PROFORMA FINANCIAL STATEMENTS FOR 2019/20**

*Meeting / Session:* AUDIT COMMITTEE  
*Reference:* A20036479: 14 May 2020 - **Refer Supporting Information A19845683**  
*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 2019/20.

**COMMITTEE RECOMMENDATION**

**Moved by Stephen Coates**

**Seconded by Pat McCallum**

**CARRIED**

1. That the draft proforma financial statements for 2019/20 be noted by the Committee.
2. That it be noted the pro-forma financial statements, as presented, will require some changes and will be included in the draft financial statements when presented at the August Meeting.

**ITEM 4.4**  
**DRAFT BUDGETED FINANCIALS**

*Meeting / Session:* AUDIT COMMITTEE  
*Reference:* **Refer Supporting Information A20152989**  
*Responsible Officer:* DG, Director Finance & Corporate Services (FCS, Directorate)

**COMMITTEE RECOMMENDATION**

**Moved by Cr Cath Tonks**

**Seconded by Stephen Coates**

**CARRIED**

**That the draft budgeted financials be received.**

## 5 EXTERNAL AUDITOR REPORT

### ITEM 5.1

#### QAO INTERIM MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2020

*Meeting / Session:*        *AUDIT COMMITTEE*  
*Reference:*                *Refer Supporting Information A19836247*

By correspondence dated 20 March 2020, the Queensland Audit Office provided its interim management report for the financial year ended 30 June 2020, detailing the outcomes of its interim audit (refer supporting information #1).

#### COMMITTEE RECOMMENDATION

**Moved by Pat McCallum**

**Seconded by Stephen Coates**

**CARRIED**

**That the Interim Management Report for the financial year ended 30 June 2018 be received and noted.**

### ITEM 5.2

#### QUEENSLAND AUDIT OFFICE UPDATE

*Meeting / Session:*        *AUDIT COMMITTEE*  
*Reference:*                *9 June 2020 - Refer Supporting Information A20135057*

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

#### COMMITTEE RECOMMENDATION

**Moved by Cr Cath Tonks**

**Seconded by Stephen Coates**

**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 COMMITTEE  
*Reference:* A20101418 : 1 June 2020 - **Refer Supporting Information A20129352, A20101426 & A20129582**  
*Responsible Officer:* DG, Director (FCS Directorate)

#### **Basis of Confidentiality**

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.

#### **Executive Summary**

This report provides information to the Audit Committee on the activities of the Internal Audit function for the period from 20 February 2020 to 15 June 2020.

### COMMITTEE RECOMMENDATION

**Moved by Stephen Coates**

**Seconded by Cr Cath Tonks**

**CARRIED**

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

## 7 GENERAL BUSINESS

### ITEM 7.1

#### AUDIT COMMITTEE TERMS OF REFERENCE - STANDING AGENDA ITEMS

Committee requested the following standing agenda items to be included:

- minutes of the Fraud & Risk Control Group meetings; and
- a "Committee of the Whole" session be included within General Business.

#### COMMITTEE RECOMMENDATION

Moved by Stephen Coates

Seconded by Cr Cath Tonks

CARRIED

That the Principal Internal Auditor review the Committee meeting agenda to ensure the Committee's mandate is covered and appropriate standing items are included.

## 8 NEXT AUDIT COMMITTEE MEETING

6 August 2020

8 October 2020 - teleconference

12 November 2020

#### CLOSURE

There being no further business the Chairperson closed the meeting at 4:27 PM