REPORT

Audit Committee Meeting

Wednesday 4 October 2017
commencing at 2.00pm

Strathpine Chambers
220 Gympie Road, Strathpine

ENDORSED GM20171010

<table>
<thead>
<tr>
<th>Membership = 4</th>
<th>Quorum = 2</th>
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<tbody>
<tr>
<td>Councillor Adrian Raedel (Chairperson)</td>
<td>Mr Peter Dowling AM</td>
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<tr>
<td>Councillor Denise Sims</td>
<td>Mr Patrick McCallum</td>
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<td>Cr Mike Charlton (Deputy Mayor) (alternate member)</td>
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(Chairperson and one external member)
RESOLUTION

Moved by Cr Adrian Raedel
Seconded by Cr Denise Sims

CARRIED 13/0

That the report and recommendations of the Audit Committee meeting held 4 October 2017 be adopted.
SCHEDULE OF ITEMS

1 POTENTIAL CONFLICT OF INTEREST DECLARATIONS

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COMMITTEE RECOMMENDATION

OPEN SESSION

COMMITTEE RECOMMENDATION

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CORPORATE SYSTEMS REVIEW

COMMITTEE RECOMMENDATION

3 ENTERPRISE RISK MANAGEMENT ACTIVITIES UPDATE

4 FINANCIAL REPORTING

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MONTHLY FINANCIAL REPORT

COMMITTEE RECOMMENDATION

ITEM 4.2 1890
FINANCIAL STATEMENTS: AUDIT COMMITTEE CHECKLIST

COMMITTEE RECOMMENDATION

ITEM 4.3 1891
2016/17 FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS - REGIONAL

COMMITTEE RECOMMENDATION

ITEM 4.4 1892
QUEENSLAND AUDIT OFFICE CLOSING REPORT

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5 EXTERNAL AUDITOR REPORT

6 INTERNAL AUDITOR OVERVIEW, REPORTS & FOLLOW-UP ACTIONS

ITEM 6.1 1893
HSE & WELLBEING STATISTICAL REPORT ON INCIDENTS AND TRENDS

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ITEM 6.2 1894
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7 GENERAL BUSINESS

ITEM 7.1 1894
CRIME AND CORRUPTION COMMISSION REPORT - OPERATION BELCARRA

8 NEXT AUDIT COMMITTEE MEETING

CLOSURE
ATTENDANCE & APOLOGIES

Attendance:

Committee Members:

Cr Adrian Raedel (Chairperson)
Cr Denise Sims
Mr Peter Dowling AM
Mr Patrick McCallum

Invited External Representatives:

Mr Denis Byram (Queensland Audit Office)
Mr Charles Strickland (Queensland Audit Office)

Officers:

Manager Financial & Project Services  Keith Pattinson
Accounting Services Manager        Denis Crowe
Principal Internal Auditor          Shara Reid
Meeting Support Officer            Hayley Kenzler

Apologies:

Nil

1 POTENTIAL CONFLICT OF INTEREST DECLARATIONS

Perceived Conflict of Interest - Declaration

Mr Peter Dowling declared a possible future conflict of interest could exist as various family members had positions within consulting firms on the Queensland Government Standing Offer Arrangement QGCPO878-13 for Professional Services including Internal Audit.

Mr Dowling advised that those family members would exclude themselves from any audits for Council while he was on the Audit Committee unless specific prior approval was obtained from the Committee.

Perceived Conflict of Interest - Declaration

Mr Patrick McCallum declared that he is currently chair of the Queensland Ombudsman’s Audit and Advisory Committee and that this should be assessed for the potential for any perceived impact on confidentiality should a matter arise for MBRC.

Mr McCallum also 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 it’s 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.
CLOSED SESSION (Confidential items)

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

CLOSED SESSION

COMMITTEE RECOMMENDATION

Moved by Cr Denise Sims
Seconded by Mr Peter Dowling 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 2.01pm.

ATTENDANCE
The following representatives attended the meeting for discussion on respective Internal Audits undertaken and/or as requested by Committee, leaving the meeting after discussion on those specific matters:

2.00pm – 2.15pm
Item 6.2 - 2g) Representatives from JLT: Fran Gilbert

2.18pm - 2.29pm
Item 6.2 - 2a) Status Update - Depot Stores Recommendations
Representative from Moreton Bay Regional Council: Rod MacBeth (Manager Asset Maintenance)

2.31pm – 2.50pm
Item 6.2 - 2b) Representatives from Vincents: Carolyn Rosetta-Walsh

2.55pm – 3.06pm
Item 6.1 HSE & Wellbeing Statistical report on Incidents and Trends
Representatives from MBRC: Geoff Owen-Turner (Manager HR) and Bryan Marshall (Workplace Health & Safety Manager)

OPEN SESSION

COMMITTEE RECOMMENDATION

Moved by Mr Peter Dowling
Seconded by Cr Denise Sims CARRIED

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

The open session resumed at 4.58pm.
2 SIGNIFICANT ORGANISATION & SYSTEM MATTERS

ITEM 2.1
CORPORATE SYSTEMS REVIEW

Meeting / Session: AUDIT COMMITTEE
Reference: Refer Supporting Information A15542283
Responsible Officer: DH, Chief Executive Officer

At the Audit Committee meeting held 9 August 2017, the committee requested an update on the governance and risk management in respect of the Corporate Systems project. The Manager Financial & Project Services will provide this update at the meeting.

Attached is a copy of the Project Resourcing Chart in support of this update.

COMMITTEE RECOMMENDATION

1. That the update on the Corporate Systems project, be received and noted.

2. That an update on the Corporate Systems Project be provided to the Audit Committee every six months.

3 ENTERPRISE RISK MANAGEMENT ACTIVITIES UPDATE

No items for consideration.
4 FINANCIAL REPORTING

ITEM 4.1
MONTHLY FINANCIAL REPORT

Meeting / Session: AUDIT
Reference: COPY FROM ACTUAL REPORT TO COUNCIL
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, as adopted by Council at its meeting of 19 September 2017, 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

That the Monthly Financial Report for August, be received and noted.
ITEM 4.2
FINANCIAL STATEMENTS: AUDIT COMMITTEE CHECKLIST

Meeting / Session: AUDIT COMMITTEE
Reference: Refer Supporting Information A15965078

In accordance with section 4 Roles and Responsibilities of the Audit Committee - Financial Reporting, of the Terms of Reference, the Accounting Services Manager has completed the Financial Statements: Audit Committee checklist in respect of the department’s responsibilities, as provided in supporting information #1.

Completion of the checklist, from the Committee’s perspective, is to be undertaken at the meeting.

COMMITTEE RECOMMENDATION

1. That the Financial Statements: Audit Committee checklist as completed by Accounting Services, be received and noted.

2. That the checklist, updated by Committee, be noted.
ITEM 4.3
2016/17 FINANCIAL STATEMENTS AND SUSTAINABILITY STATEMENTS - REGIONAL

Meeting / Session: AUDIT
Reference: A15925934 : 18 September 2017 - Refer Supporting Information A15970427, A15970399
Responsible Officer: DC, Accounting Services Manager (CEO Accounting Services)

Executive Summary
The purpose of this report is to present the proposed Financial Statements for 2016/17 prior to management certification and subsequent Auditor-General sign off.

COMMITTEE RECOMMENDATION

1. That the proposed Financial Statements for 2016/17, Current year Financial Sustainability Statement and Long Term Sustainability Statement be received.

2. That the Financial Statements for 2016/17 and the Sustainability Statements as presented be certified by management subject to Queensland Audit Office’s final review.

3. That the Financial Statements for 2016/17 and the Current Year Financial Sustainability Statement once certified by management and cleared by Queensland Audit Office be forwarded to the Auditor-General for signing.

4. That Council acknowledge the cooperation and assistance of the Queensland Audit Office during the 2016/17 audit.
ITEM 4.4
QUEENSLAND AUDIT OFFICE CLOSING REPORT

Meeting / Session: AUDIT
Reference: 27 September 2017 - Refer Supporting Information A15970312

The Queensland Audit Office closing report in regard to the 2016/17 financial statements is provided in the supporting information.

COMMITTEE RECOMMENDATION

That the Queensland Audit Office Closing Report, as contained in the supporting information, be received and noted.

5 EXTERNAL AUDITOR REPORT

No items for consideration.
6 INTERNAL AUDIT OVERVIEW, REPORTS & FOLLOW-UP ACTIONS

ITEM 6.1
HSE & WELLBEING STATISTICAL REPORT ON INCIDENTS AND TRENDS

Meeting / Session: AUDIT
Reference: A13988023 : 4 August 2016 Refer Supporting Information A13988023
Responsible Officer: BM, Workplace Health & Safety Manager (CEO, Human Resources)

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

The main aims of the program are:

- To increase HSE awareness and understanding across council to help embed a Safety First (risk based) culture thereby reducing injuries and near misses in the workplace creating a safer work environment.
- To drive reporting and discussion of safety issues so resolution can occur swiftly and efficiently
- Drive risk awareness across all levels of the business to reduce risk exposures and injuries

COMMITTEE RECOMMENDATION

That the information be noted.
ITEM 6.2
INTERNAL AUDIT OVERVIEW - REGIONAL

Meeting / Session: AUDIT
Reference: A15770948; 4 October 2017 - Refer Confidential Supporting Information
A15813952; A15935324; A15939201; A15942013; A15851986; zA527884;
zA527885; zA527886; A15814239; A15851991
Responsible Officer: SR, Principal Internal Auditor (CEOs Office)

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 9 August 2017 to 4 October 2017.

COMMITTEE RECOMMENDATION

1. That the Audit Committee note and endorse the report and associated supporting information and documents.
2. That the Audit Committee endorse the amended Internal Audit Charter.
3. That the results of the Client Survey Questionnaire and Internal Audit Self-Review be noted.

7 GENERAL BUSINESS

ITEM 7.1
CRIME AND CORRUPTION COMMISSION REPORT - OPERATION BELCARRA

Committee discussed the Crime & Corruption Commission (CCC) report - Operation Belcarra released in Parliament that day which addressed corruption risk in local government.

Council’s Internal Auditor noted that an update on the matter would be provided to the next Audit Committee Meeting.

8 NEXT AUDIT COMMITTEE MEETING

Committee noted that the meeting schedule for January - December 2018 is yet to be determined by Council, however Committee members will be contacted with proposed key dates when drafted.

Committee proposed that the meeting scheduled for February 2018 commence at 12.30pm.

CLOSURE

There being no further business the Chairperson closed the meeting at 4.57pm.