



# REPORT

## Audit Committee Meeting

**Wednesday 7 March 2018**  
commencing at 12.35pm

Strathpine Chambers  
220 Gympie Road, Strathpine

**ENDORSED GM20180316**

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### **CHAIRPERSON'S REPORT**

The recommendations contained within this report of the Audit Committee meeting held 7 March 2018 are recommended to the Council for adoption.

COUNCILLOR ADRIAN RAEDEL  
CHAIRPERSON  
AUDIT COMMITTEE

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**Membership = 4**

**Quorum = 2**

*(Chairperson and one external member)*

Councillor Adrian Raedel (Chairperson)

Mr Peter Dowling AM

Councillor Denise Sims

Mr Patrick McCallum

*Cr Mike Charlton (Deputy Mayor) (alternate member)*

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**Adoption Extract from General Meeting – 13 March 2018 (Page18/546)**

**12.1 Audit Committee Meeting - 7 March 2018  
(Pages 18/537 - 18/543)**

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**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 7 March 2018 be adopted.**

## SCHEDULE OF ITEMS

### 1 POTENTIAL CONFLICT OF INTEREST DECLARATIONS

#### CLOSED SESSION

#### RESUME IN OPEN SESSION

##### COMMITTEE RECOMMENDATION

### 2 SIGNIFICANT ORGANISATION & SYSTEM MATTERS

<b>ITEM 2.1</b>	<b>539</b>
CORPORATE SYSTEMS REVIEW	
<b>COMMITTEE RECOMMENDATION</b>	

### 3 ENTERPRISE RISK MANAGEMENT ACTIVITIES UPDATE

<b>ITEM 3.1</b>	<b>539</b>
ENTERPRISE RISK MANAGEMENT ACTIVITIES UPDATE	

### 4 FINANCIAL REPORTING

<b>ITEM 4.1</b>	<b>540</b>
DRAFT PROFORMA FINANCIAL STATEMENTS 2017/18 - REGIONAL	
<b>COMMITTEE RECOMMENDATION</b>	

<b>ITEM 4.2</b>	<b>540</b>
MONTHLY FINANCIAL REPORT	
<b>COMMITTEE RECOMMENDATION</b>	

### 5 EXTERNAL AUDITOR REPORT

<b>ITEM 5.1</b>	<b>541</b>
2018 EXTERNAL AUDIT PLAN - QAO	
<b>COMMITTEE RECOMMENDATION</b>	

<b>ITEM 5.2</b>	<b>541</b>
QUEENSLAND AUDIT OFFICE UPDATE	
<b>COMMITTEE RECOMMENDATION</b>	

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

<b>ITEM 6.1</b>	<b>542</b>
INTERNAL AUDIT OVERVIEW - REGIONAL	
<b>COMMITTEE RECOMMENDATION</b>	

# Moreton Bay Regional Council

AUDIT COMMITTEE MEETING  
7 March 2018

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Report

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## **7 GENERAL BUSINESS**

### **ITEM 7.1**

AMENDMENT - AUDIT COMMITTEE MEMBERSHIP - REGIONAL

**543**

## **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 Michael Keane (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
Director Executive & Property Services	Anne Moffat
Team Leader Meeting Support	Kathrine Crocker

### Apologies:

Nil

## 1 POTENTIAL CONFLICT OF INTEREST DECLARATIONS

### Previously noted Perceived Conflict of Interest - Declarations

**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.

**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 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.

**CLOSED SESSION**

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

**CLOSED SESSION**

**COMMITTEE RECOMMENDATION**

Moved by Mr Peter Dowling  
Seconded by Cr Denise Sims

**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 2.00pm.

**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.

**12:30pm - Peter Sheville (Vincents)**

**Item 6.1 - 2b) - Internal Audit Reports:**

- (a) **#3 & #4 Payroll: Overtime Data Analysis** (Manager HR also attended for this item)
- (b) **#5 Contract Management, Governance and Administration**

**1:00pm - 1:45pm - Robyn Cooper and Natasha Dreier (Crowe Horwath)**

**Item 6.1 - 2b) - Internal Audit Reports:**

- (a) **#6 Right to Information and Privacy**
- (b) **#7 Not for Profits using Council-managed Infrastructure**
- (c) **#8 Caboolture Hub - Learning Business Centre, Art Gallery and Creative Studios**

**1:45pm - 2:00pm - Marco Alberti, Team Leader Planning - Development Services (MBRC)**

**Item 6.1 - 2a) - Implementation of Recommendations - Progress Report:**

**RESUME IN OPEN SESSION**

**COMMITTEE RECOMMENDATION**

Moved by Mr Peter Dowling  
Seconded by Mr Patrick McCallum

**CARRIED**

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

The open session resumed at 3.15pm.

## 2 SIGNIFICANT ORGANISATION & SYSTEM MATTERS

### ITEM 2.1 CORPORATE SYSTEMS REVIEW

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The Manager Financial & Project Services provided an update on the status and progress of the Corporate Systems Review, for the Committee's information.

#### COMMITTEE RECOMMENDATION

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That a progress report on the implementation of the Technology One platform be provided to future meetings of the Audit Committee, for information.

## 3 ENTERPRISE RISK MANAGEMENT ACTIVITIES UPDATE

### ITEM 3.1 ENTERPRISE RISK MANAGEMENT ACTIVITIES UPDATE

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No items for consideration.

## 4 FINANCIAL REPORTING

### ITEM 4.1

#### DRAFT PROFORMA FINANCIAL STATEMENTS 2017/18 - REGIONAL

*Meeting / Session:* AUDIT  
*Reference:* A16521562 : 27 February 2018 - **Refer Supporting Information A16521562**  
*Responsible Officer:* DC, Accounting Services Manager (CEO Financial & Project Services)

#### Executive Summary

The purpose of this report is to present the draft proforma financial statements for 2017/18.

#### COMMITTEE RECOMMENDATION

1. That the draft proforma financial statements for 2017/18 be received.
2. That any proposed changes to the draft proforma financial statements is reflected in the draft financial statements that will be submitted to the Audit Committee meeting scheduled for the 8 August 2017.

### ITEM 4.2

#### MONTHLY FINANCIAL REPORT

*Meeting / Session:* AUDIT  
*Reference:* A16548651 : 7 February 2018 - **Refer Supporting Information A16548647**  
*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 January 2018, as adopted by Council at its meeting of 13 February 2018, is attached for Committee's information (refer supporting information #1).

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

#### COMMITTEE RECOMMENDATION

**That the Monthly Financial Report for January 2018, be received and noted.**



## 5 EXTERNAL AUDITOR REPORT

### ITEM 5.1 2018 EXTERNAL AUDIT PLAN - QAO

*Meeting / Session:* AUDIT  
*Reference:* 2 February 2018 - Refer Supporting Information A16556028

By correspondence dated 2 February 2018, addressed to the Mayor, the Queensland Audit Office presents its external audit plan for the financial year ending 30 June 2018 which includes an analysis of key audit risks, its audit strategy, reporting timetable and other matters.

The purpose of the audit is to express an opinion on the 2018 financial statements.

A copy of the 2018 External Audit Plan is contained within the supporting information to this item.

#### COMMITTEE RECOMMENDATION

**That the Queensland Audit Office 2018 External Audit Plan for the year ended 30 June 2018 be received and noted.**

### ITEM 5.2 QUEENSLAND AUDIT OFFICE UPDATE

*Meeting / Session:* AUDIT COMMITTEE  
*Reference:* 28 February 2018 - Refer Supporting Information A16641233

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

#### COMMITTEE RECOMMENDATION

**That the Queensland Audit Office update be received and noted.**

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

### ITEM 6.1 INTERNAL AUDIT OVERVIEW - REGIONAL

**Meeting / Session:** **AUDIT**

**Reference:** A16052200 : 7 March 2018 - Refer **Confidential Supporting Information**  
**A16052199; A16588404; A16338561; A16588412; A16447942; A16447937;**  
**A16595404; A16632684**

**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 4 October 2017 to 7 March 2018.

### COMMITTEE RECOMMENDATION

**That the Audit Committee note and endorse the report and associated supporting information and documents.**

## 7 GENERAL BUSINESS

### ITEM 7.1 AMENDMENT - AUDIT COMMITTEE MEMBERSHIP - REGIONAL

Cr Adrian Raedel (Chairperson) informed Committee of an upcoming change to Committee membership, in particular Council's elected member appointments, that has been considered as part of a review of Council's Portfolios and Spokespersons' roles.

The change in membership will be considered by the Coordination Committee on Tuesday 13 March 2018.

## 8 NEXT AUDIT COMMITTEE MEETING

The next Audit Committee meeting is scheduled for Wednesday 30 May 2018 commencing at 2.00pm.

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## CLOSURE

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There being no further business the Chairperson closed the meeting at 3.18pm.