



REPORT

Audit Committee Meeting

Thursday 6 August 2020

commencing at 1.00pm

Strathpine Chambers
220 Gympie Road, Strathpine

ENDORSED GM20200819

CHAIRPERSON'S REPORT

The recommendations contained within this report of the Audit Committee meeting held 6 August 2020 are recommended to the Council for adoption.

COUNCILLOR MATT CONSTANCE
INTERIM CHAIRPERSON
AUDIT COMMITTEE

Adoption Extract from General Meeting – 19 August 2020 (Page 20/1511)

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

Audit Committee Meeting - 6 August 2020 (Pages 20/1498 - 20/1509)

Cr Matt Constance (Interim Chairperson - Audit Committee) referred to Mr Patrick McCallum, one of the independent external members of the Audit Committee who has concluded his tenure in this role, noting that Mr McCallum had been a dedicated member of the Committee and he sought to formally acknowledge his services to the Committee over the last few years.

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 6 August 2020, be adopted.

SCHEDULE OF ITEMS

1 POTENTIAL CONFLICT OF INTEREST DECLARATIONS

CLOSED SESSION

RESUME IN OPEN SESSION

2 SIGNIFICANT ORGANISATION & SYSTEM MATTERS

ITEM 2.1 1501
SIGNIFICANT ORGANISATION & SYSTEM MATTERS

ITEM 2.2 - STANDING ITEM 1502
ORGANISATIONAL REVIEW IMPLEMENTATION

3 ENTERPRISE RISK MANAGEMENT ACTIVITIES UPDATE

ITEM 3.1 1503
CORPORATE SYSTEMS REVIEW

ITEM 3.2 1504
FRAUD AND CORRUPTION RISK CONTROL GROUP - MINUTES OF MEETINGS

4 FINANCIAL REPORTING

ITEM 4.1 - STANDING ITEM 1505
MONTHLY FINANCIAL REPORT

ITEM 4.2 1506
DRAFT FINANCIAL STATEMENTS FOR 2019/20 AND DRAFT MEASURES OF FINANCIAL SUSTAINABILITY

5 EXTERNAL AUDITOR REPORT

ITEM 5.1 1507
QUEENSLAND AUDIT OFFICE - 2020 SECOND INTERIM REPORT

6 INTERNAL AUDIT OVERVIEW, REPORTS & FOLLOW-UP ACTIONS

ITEM 6.1 1508
INTERNAL AUDIT OVERVIEW

7 GENERAL BUSINESS

8 NEXT AUDIT COMMITTEE MEETING

CLOSURE

ATTENDANCE & APOLOGIES

Attendance:

Committee Members:

Cr Matt Constance (Chairperson)
Cr Cath Tonks
Mr Patrick McCallum
Mr Stephen Coates

Invited External Representatives:

Mr Michael Keane (Queensland Audit Office) * via skype - until 1.45pm during Item 3.2
Mr Charles Strickland (Queensland Audit Office) * via skype - from 2.20pm during Item 6.1

Officers:

Chief Executive Officer	Greg Chemello
Director Finance & Corporate Services	Donna Gregory
Accounting Services Manager	Denis Crowe

Meeting Support	Hayley Kenzler
-----------------	----------------

Apologies:

Nil

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 advised that his previous declaration of Conflicts of Interest had not changed, as outlined below:

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

COMMITTEE RECOMMENDATION

Moved by Cr Cath Tonks

Seconded by Pat McCallum

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 1.02pm

ATTENDANCE

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

Item 3.1 - Corporate Systems Review

Loretta Libke - Project Manager
(1.30pm - 1.40pm)

RESUME IN OPEN SESSION

RESOLUTION

Moved by Steven Coates

Seconded by Pat McCallum

CARRIED

That committee resume in open session.

The open session resumed at 2.31pm.

RESOLUTION

Moved by Pat McCallum

Seconded by Cr Cath Tonks

CARRIED

That the following recommendations be adopted as proposed throughout the meeting.

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 on the following matters:

- At the General Meeting held 5 August 2020, the following was endorsed by Council:
 - Draft Regional Economic Development Strategy (for Public Consultation)
 - Millovate Pty Ltd Board - CEO noted that there were significant number of candidates who applied for the positions
 - Investment Attraction Policy
- Chief Economic Development Officer would soon commence with Council.
- Four working groups progress as part of the organisation review noting that there were lots of great ideas coming out as a result of the mix of employees working together
- Cyber-attacks in the time of COVID-19
- COVID-19 - noting that Council's Business Continuity Management Team are meeting regularly

COMMITTEE RECOMMENDATION

That the update provided by the CEO be noted.

**ITEM 2.2 - STANDING ITEM
ORGANISATIONAL REVIEW IMPLEMENTATION**

Meeting / Session: *AUDIT*
Responsible Officer: *GC, Chief Executive Officer/Change Facilitator (CEO, Finance & Corporate Services)*

At the last Audit Committee Meeting held 15 June 2020, a detailed report was provided on the status of the organisational review implementation by the Change Facilitator.

A further update (including risk issues as requested on 15 June 2020) will be provided to committee at the next full Audit Committee meeting, following the finalisation of the last working group report.

COMMITTEE RECOMMENDATION

That committee note that an update will be provided to the next full Audit Committee meeting.

3 ENTERPRISE RISK MANAGEMENT ACTIVITIES UPDATE

ITEM 3.1 CORPORATE SYSTEMS REVIEW

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

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

COMMITTEE RECOMMENDATION

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

ITEM 3.2
FRAUD AND CORRUPTION RISK CONTROL GROUP - MINUTES OF MEETINGS

Meeting / Session: AUDIT COMMITTEE

Reference: Refer **Confidential** Supporting Information A19561403

Responsible Officer: DD, Manager Governance & Executive Services

As requested at the Audit Committee Meeting held 29 May 2019, the Fraud Risk Control Group Minutes are provided for committee's information.

The Fraud and Corruption Risk Control Group minutes of 30 June 2020 appear in the supporting information.

COMMITTEE RECOMMENDATION

1. That the Fraud and Corruption Risk Control Group Minutes of 30 June 2020, be received and noted.
2. That a summary of matters be included in the Fraud and Corruption Risk Control Group Minutes.
3. That the scope of the summary identifies trends and any issues raised.

4 FINANCIAL REPORTING

ITEM 4.1 - STANDING ITEM MONTHLY FINANCIAL REPORT

Meeting / Session: AUDIT
Reference: Refer Supporting Information **A20140396 (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 May 2020, as adopted by Council at its meeting of 24 June 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

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

ITEM 4.2
DRAFT FINANCIAL STATEMENTS FOR 2019/20 AND DRAFT MEASURES OF FINANCIAL SUSTAINABILITY

Meeting / Session: **AUDIT**
Reference: **A20286621 : 16 July 2020 - Refer Supporting Information A20336330**
Responsible Officer: **DC, Accounting Services Manager (FCS Accounting Services)**

Executive Summary

The purpose of this report is to present the Draft Financial Statements for 2019/20, the current year Financial Sustainability Statement and the Long-Term Financial Sustainability Statement.

COMMITTEE RECOMMENDATION

1. **That the Draft Financial Statements for 2019/20 together with the Current-Year Financial Sustainability Statement and the Long-Term Financial Sustainability Statement as presented be received.**
2. **That any changes necessary to the Draft Financial Statements prior to submission to the Auditor General for Audit by 24 August, be reflected as required.**

5 EXTERNAL AUDITOR REPORT

ITEM 5.1

QUEENSLAND AUDIT OFFICE - 2020 SECOND INTERIM REPORT

Meeting / Session: *AUDIT COMMITTEE*

Reference: *Refer **Confidential** Supporting Information A20267688*

Queensland Audit Office attend to discuss its 2020 Second Interim Report.

COMMITTEE RECOMMENDATION

That the Queensland Audit Office 2020 Second Interim Report be received and noted.

6 INTERNAL AUDIT OVERVIEW, REPORTS & FOLLOW-UP ACTIONS

ITEM 6.1 INTERNAL AUDIT OVERVIEW

Meeting / Session: AUDIT
Reference: A20322253 : 27 July 2020 - Refer **Confidential** Supporting Information
A20332042 & A20321938
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 16 June 2020 to 6 August 2020.

COMMITTEE RECOMMENDATION

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

7 GENERAL BUSINESS

Cr Matt Constance conveyed his thanks to Pat McCallum on his dedication to the Audit Committee noting that today was his last meeting as External Audit Committee Member for Moreton Bay Regional Council.

Pat McCallum provided his thanks to Council for the opportunity to be in the role, noting that it was very encouraging to see the work that Local Government completes in relation to audit matters. Pat said that it has been a very special role for him as he had a long connection with the region and made special mention of Council, the Executive Management Team, staff, Queensland Audit Office and the Audit Committee.

8 NEXT AUDIT COMMITTEE MEETING

Committee requested that consideration be given to bringing forward the next Audit Committee Meeting scheduled for 8 October 2020 to September.

CLOSURE

There being no further business the Chairperson closed the meeting at 2.35pm.