



Minutes

Audit Committee

Monday, 30 January 2017

Council Chambers, 1 Omrah Avenue, Caloundra

AUDIT COMMITTEE MEMBERS

Councillor T Dwyer	Division 2
Councillor C Dickson	Division 6
Mr P Dowling AM	Independent Member (Chair)
Mr L Scanlan	Independent Member

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

TABLE OF CONTENTS

ITEM	SUBJECT	PAGE NO
1	DECLARATION OF OPENING	5
2	RECORD OF ATTENDANCE AND LEAVE OF ABSENCE	5
3	RECEIPT AND CONFIRMATION OF MINUTES	6
4	OBLIGATIONS OF MEMBERS.....	6
4.1	DECLARATION OF MATERIAL PERSONAL INTEREST ON ANY ITEM OF BUSINESS	6
4.2	DECLARATION OF CONFLICT OF INTEREST ON ANY ITEM OF BUSINESS	6
5	REPORTS	7
5.1	CHIEF EXECUTIVE OFFICER'S UPDATE.....	7
5.1.1	UPDATE - CHIEF EXECUTIVE OFFICER	7
5.2	EXTERNAL AUDIT	8
5.2.1	FINALISATION OF COUNCIL'S 2015/16 AUDITED FINANCIAL STATEMENT PROCESS AND 2016/17 PLANNING FOR FINANCIAL STATEMENTS.....	8
5.3	AUDIT AND ASSURANCE	12
5.3.1	KPMG FRAUD RISK ASSESSMENT PLAN.....	12
5.3.2	GENERAL RATES AND SEPARATE LEVIES	13
5.3.3	COMMUNITY SERVICES PROCUREMENT AND CALOUNDRA ART GALLERY	14
5.3.4	DISASTER MANAGEMENT	16
5.3.5	ASSET MANAGEMENT PLANS AND SYSTEM	17
5.3.6	BUDERIM WASTE RESOURCE RECOVERY CONTRACT MANAGEMENT	19
5.3.7	AUDIT AND ASSURANCE STATUS REPORT	21
5.3.8	AUDIT COMMITTEE PERFORMANCE ASSESSMENT	22
5.3.9	AUDIT COMMITTEE AND INTERNAL AUDIT CHARTERS	23

AUDIT COMMITTEE MINUTES	30 JANUARY 2017
5.4 GOVERNANCE REPORTING	24
5.4.1 WORK HEALTH AND SAFETY REPORT	24
5.4.2 GOVERNANCE REPORT	26
6 GENERAL BUSINESS	27
7 NEXT MEETING	27
8 MEETING CLOSURE	27

Please Note: The resolutions as shown in italics throughout these minutes are the resolutions carried by the Audit Committee.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

1 DECLARATION OF OPENING

The Chair declared the meeting open at 9:08am.

2 RECORD OF ATTENDANCE AND LEAVE OF ABSENCE

AUDIT COMMITTEE MEMBERS

Councillor T Dwyer	Division 2
Councillor C Dickson	Division 6
Mr P Dowling AM	Independent Member (Chair)
Mr L Scanlan	Independent Member

EXECUTIVE LEADERSHIP TEAM

Chief Executive Officer
Director Community Services
Director Corporate Services
Director Corporate Strategy and Delivery
Director Infrastructure Services
Director Regional Strategy and Planning

APOLOGIES

Director Economic Development and Major Projects

ATTENDEES

Engagement Leader	Queensland Audit Office
Audit Manager	Queensland Audit Office

COUNCIL OFFICERS

Coordinator Financial Accounting
Coordinator Health & Safety
Coordinator Workplace Relations
Manager Corporate Governance
Coordinator Corporate Planning Reporting & Risk

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

3 RECEIPT AND CONFIRMATION OF MINUTES

Committee Recommendation

Moved: L Scanlan
Seconded: Councillor T Dwyer

That the Minutes of the Audit Committee held on 5 September 2016 and the Audit Committee held on 5 October 2016 be received and confirmed.

Carried unanimously.

4 OBLIGATIONS OF MEMBERS

4.1 DECLARATION OF MATERIAL PERSONAL INTEREST ON ANY ITEM OF BUSINESS

Pursuant to the *Local Government Act 2009*, no declarations of material personal interest were made during this meeting.

4.2 DECLARATION OF CONFLICT OF INTEREST ON ANY ITEM OF BUSINESS

Pursuant to the *Local Government Act 2009*, no declarations of conflict of interest were made during this meeting.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

5 REPORTS

5.1 CHIEF EXECUTIVE OFFICER'S UPDATE

5.1.1 UPDATE - CHIEF EXECUTIVE OFFICER

File No: Council meetings
Author: Chief Executive Officer
Office of the Mayor and Chief Executive Officer

AUDIT COMMITTEE DISCUSSION POINTS

- State of the Region
- Financial performance
- 2015/16 Annual Report
- Major Projects Update
 1. Maroochydore City Centre
 2. Sunshine Coast Airport expansion project
 3. Undersea broadband cable
 4. Solar Farm
- Draft Caloundra Centre Master Plan
- Corporate Plan highlights 2015/16
- A new economy
- A strong community
- A Healthy Environment
- Service excellence
- An Outstanding Organisation
- Airport expansion project risk report be presented at the next meeting covering the risk management framework, processes and actions around identified risk exposures
- Airport transition committee established and requirements for Minister's approval with regard the new business structure will be confirmed by Queensland Audit Office.

Committee Recommendation (AC17/1)

Moved: L Scanlan
Seconded: Councillor T Dwyer

That the Audit Committee receive and note the report titled "Update - Chief Executive Officer".

Carried unanimously.

Sunshine Coast Regional Council

AC Minutes Page 7 of 27

This is not an official copy of Council's Minutes

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

5.2 EXTERNAL AUDIT

5.2.1 FINALISATION OF COUNCIL'S 2015/16 AUDITED FINANCIAL STATEMENT PROCESS AND 2016/17 PLANNING FOR FINANCIAL STATEMENTS

File No: Council Meetings
Author: Coordinator Financial Accounting
Corporate Services Department
Attachments: Att 1 - Queensland Audit Office Final Management Report 2016
Att 2 - SunCentral Maroochydore Pty Ltd Annual Report 2016
Att 3 - The Events Centre Caloundra Annual Report 2015-2016
Att 4 - Queensland Audit Office Draft External Audit Plan 2017
Att 5 - Draft Disclosure - AASB 124 Related Party Disclosures

EXECUTIVE SUMMARY

Finalisation of Council's 2015/16 Audited Financial Statement Process

The Queensland Audit Office (QAO) has carried out its audit of Council's financial statements including its controlled entities for the year ended 30 June 2016, in accordance with Section 40 of the *Auditor-General Act 2009*.

Queensland Audit Office Final Management Report 2016

The audit of Council's consolidated financial statements has resulted in no qualifications or amendments with an unmodified audit opinion issued. This is a significant achievement for Council.

As with prior years, the QAO Final Management Report, raises an "emphasis of matter" relating to the audit of the Current Year Financial Sustainability Statement included with the financial statements, for the purpose of highlighting the different accounting principles adhered to in preparing this statement compared to the financial statements.

Details are as follows:-

- The financial statements are prepared under "general purpose" accounting principles to ensure comparability both with Council's financial statements from prior years as well as with financial statements of other entities.
- The Current Year Financial Sustainability Statement, detailing key financial ratios, is a "special purpose" statement indicating it may not be suitable for any other purpose eg comparisons to other entities.

1 An "emphasis of matter" is a paragraph included in the auditor's report that refers to a matter appropriately presented or disclosed in the financial statements, that in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements. The purpose of the paragraph is only to draw the users' attention to a matter already disclosed in the financial statements.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

Controlled Entities – Financial Statements

As requested at the October 2016 Audit Committee, copies of 2016 Financial Statements are attached for Council's controlled entities SunCentral Maroochydore Pty Ltd and Sunshine Coast Events Centre Pty Ltd.

Details of the financial performance and financial position of both entities are included within their attached annual reports.

The financial results for Council's controlled entities are included in Council's Consolidated Financial Statements.

2016/17 Planning for Financial Statements

Queensland Audit Office Draft External Audit Plan 2017

In terms of the QAO Draft External Audit Plan 2017, Council is requested to provide feedback on the plan by 30 January 2017, particularly with respect to the key audit milestones on page 14 of the plan.

Milestone	Documentation/Details	Proposed Date
2016/17 Planning Audit	As per Client Strategy	21 November 2016 to 9 December 2016
Audit Committee Meeting	<ul style="list-style-type: none"> • QAO Final Management Report 2016 • Financial statements for Council's controlled entities SunCentral Maroochydore Pty Ltd and Sunshine Coast Events Centre Pty Ltd • QAO Draft External Audit Plan 2017 • Draft Disclosure – AASB 124 Related Party Disclosures (for period 1 July 2016 to 30 September 2016) 	30 January 2017
Interim Audit	<ul style="list-style-type: none"> • Draft Disclosure – AASB 124 Related Party Disclosures (for period 1 July 2016 to 31 December 2016) • Shell Financial Statements 	20 March 2017 to 7 April 2017
Interim Management Letter	<ul style="list-style-type: none"> • Provided by QAO following Interim Audit 	13 April 2017
Audit Committee Meeting	<ul style="list-style-type: none"> • Shell Financial Statements • Asset Revaluation Summary and Progress Update • QAO Briefing Paper 	22 May 2017
Asset Valuation	Supporting work papers available to Audit	30 June 2017
Resolution of Complex or contentious accounting issues	Position Papers for <ul style="list-style-type: none"> • AASB 124 Related Party Disclosures • Provision for Landfills • Sunshine Coast Airport – accounting treatment of transaction 	30 June 2017
Audit Committee Meeting	<ul style="list-style-type: none"> • QAO Interim Audit Report • QAO Briefing Note • Draft Financial Statements 2016/17 	4 September 2017
Final draft financial statements and	Final draft financial statements and current year financial sustainability statement	11 September 2017

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

Milestone	Documentation/Details	Proposed Date
current year financial sustainability statement available for audit		
Audit clearance of financial statements and current year financial sustainability statement	QAO closing report / management representation letter	9 October 2017
Audit Committee Meeting (teleconference)	Audit Committee clearance (via teleconference) of financial statements and current year financial sustainability statement	9 October 2017
Council certification of financial statements and current year financial sustainability statement	Management Certificate	10 October 2017
Audit certification of financial statements and current year financial sustainability statement		16 October 2017
Audit final management report provided		30 October 2017

Draft Disclosure – AASB 124 Related Party Disclosures

Australian Accounting Standard *AASB 124 Related Party Disclosures* applies to councils for the first time this financial year. This means councils must disclose related party relationships, transactions and outstanding balances, including commitments, in the annual audited financial statements.

In preparation for this, a draft disclosure, based on the period 1 July 2016 to 30 September 2016, is attached for Audit Committee review and feedback.

As per the QAO Draft External Audit Plan 2017, an additional draft disclosure based on the period 1 July 2016 to 31 December 2016 will be available for the Interim Audit in March 2017.

AUDIT COMMITTEE DISCUSSION POINTS

- Queensland Audit Office performance audit of security of critical water infrastructure – impacts for Unitywater to be provided at completion of review.
- Related Parties Disclosure - the draft disclosure largely met QAO expectations, however further analysis and discussion will occur as part of interim audit visit in March.
- Net Financial Liabilities Ratio – future “moderate risk” over the next 3 years due increased borrowings associated with the Airport Expansion Project and Maroochydore City Centre development. The change in the ratio and full explanation for the change will need to be reported in Council’s annual report and the Audit Office reports to Parliament. The Queensland Audit Office advised that Council may provide additional

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

ratios and explanations in the Community Financial Report. In addition, it was stated that although our Net Financial Liabilities Ratio may exceed targets in future years, this doesn't necessarily mean a qualification of council's financial accounts.

- Data Analytics - Queensland Audit Office are extracting large volume of data across 5 councils including Sunshine Coast Council. In preparation for interim audit in March, they'll analyse expenditure and payroll data, looking for potential anomalies which will then require further investigation.
- Long form audit report – trialing with the three largest councils including Sunshine Coast Council in 2016/17 and will be in effect for 2017/18. The long form audit report will provide information on the external auditor testing to obtain assurance around the contents of Council's financial statements e.g. valuation of Property Plant and Equipment. There is nothing required from Council for 2016/17, however for the 2017/18 financial statements/annual report which will include the new long form audit report, may have to provide additional information.

Committee Recommendation (AC17/2)

Moved: L Scanlan
Seconded: Councillor T Dwyer

*That the Audit Committee receive and note the report titled "**Finalisation of Council's 2015/16 Audited Financial Statement process and 2016/17 planning for Financial Statements**".*

Carried unanimously.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

5.3 AUDIT AND ASSURANCE

5.3.1 KPMG FRAUD RISK ASSESSMENT PLAN

File No: Council Meetings
Author: Manager Audit and Assurance
Office of the Mayor and Chief Executive Officer
Attachments: Att 1 - KPMG Rates Fraud Risk Assessment
Att 2 - KPMG Procurement and Accounts Payable Fraud Risk Assessment

EXECUTIVE SUMMARY

In response to the Queensland Audit Office's (QAO) report, Fraud Management in Local Government Report 19: 2014-15, KPMG Forensic Pty Ltd was engaged to undertake a council-wide fraud risk assessment and to develop a two year fraud risk assessment plan. KPMG's report was presented at the May 2016 Audit Committee with the proposed two year fraud risk assessment plan referred to the Chief Executive Officer for consideration.

Subsequently, KPMG were engaged to undertake the "deep dive" fraud risk assessments of higher inherent risk processes commencing with the Rates, Procurement and Accounts Payable assessments being completed to date.

Three workshops were conducted by KPMG with staff to assess the inherent fraud and corruption risks across the operational areas. Recommendations to mitigate the likelihood of fraud and corruption risks are being implemented and management remains vigilant to potential fraud risk exposures.

AUDIT COMMITTEE DISCUSSION POINTS

- Confirmation that sound internal controls established.
- The Queensland Audit Office has requested all councils to provide feedback with regard to their audit recommendations associated with fraud risk management. Given the work undertaken by Sunshine Coast Council, council will be reporting that all recommendations are fully implemented.

Committee Recommendation (AC17/3)

Moved: L Scanlan
Seconded: Councillor T Dwyer

*That the Audit Committee receive and note the report titled "**KPMG Fraud Risk Assessment Plan**".*

Carried unanimously.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

5.3.2 GENERAL RATES AND SEPARATE LEVIES

File No: Council Meetings
Author: Manager Audit and Assurance
Office of the Mayor and Chief Executive Officer

EXECUTIVE SUMMARY

Internal Control and Performance Assessment

Impact / Criticality of Operation to Council	Critical	Significant	Low
Recommendations by Risk Ratings Risk Management Standard ISO 31000	Extreme 0	High 0	Medium/Low 0M / 2L
Audit Opinion	Strong	Adequate	Weak

Key Issues Identified

The review of general rate and separate levy processing controls were confirmed to be operating effectively.

Comments by Director Corporate Services, Ray Turner

The Audit opinion of 'strong' and the two low-risk recommendations provide assurance that the effectiveness, efficiency and compliance of rating systems is of a high standard. The two recommendations are supported."

Committee Recommendation (AC17/4)

Moved: L Scanlan
Seconded: Councillor T Dwyer

That the Audit Committee receive and note the report titled "General Rates and Separate Levies".

Carried unanimously.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

5.3.3 COMMUNITY SERVICES PROCUREMENT AND CALOUNDRA ART GALLERY

File No: Council Meetings
Author: Manager Audit and Assurance
Office of the Mayor and Chief Executive Officer

EXECUTIVE SUMMARY

Internal Control and Performance Assessment

Impact / Criticality of Operation to Council	Critical	Significant	Low
Recommendations by Risk Ratings Risk Management Standard ISO 31000	Extreme 0	High 0	Medium/Low 5M
Audit Opinion	Strong	Adequate	Weak

Key Issues Identified

While the corporate procurement framework is sound and complies with legislation, there are opportunities to improve governance practices across some areas:

- Gaining assurance around Sunshine Coast Stadium's compliance with the Procurement Policy including staff completing procurement training
- Reduce invoice processing delays resulting in late supplier payments
- Monitoring and validating employee costs
- Strengthen the Art Gallery's internal control framework with the implementation of sales performance reporting, segregation of duties and financial oversight of sales/payments and the frequency of independent stocktakes.

Comments by Director Community Services

I acknowledge and thank the auditor for highlighting these issues within the Community Services Department. I am comfortable with the management responses identified and look forward to working with the relevant branch managers to ensure that effective responses are implemented within the given timeframes to mitigate the identified risks. Department staff will also work closely with the Business Procurement Team and the Community Services Senior Management Accountant to address these issues. In particular, issues identified in this audit report associated with employee costs, overtime budgets and the current vacancy rates applied to frontline staff will need to be considered in more depth to ensure the balance between accurate budgeting and continued provision of high level customer service is achieved.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

AUDIT COMMITTEE DISCUSSION POINTS

- Budgeting for employee costs associated with front line staff.
- Future consideration in regard to the economic benefits associated with council's support for Caloundra Art Gallery and similar operations.

Committee Recommendation (AC17/5)

Moved: L Scanlan
Seconded: Councillor T Dwyer

*That the Audit Committee receive and note the report titled "**Community Services Procurement and Caloundra Art Gallery**".*

Carried unanimously.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

5.3.4 DISASTER MANAGEMENT

File No: Council meetings
Author: Glen Charles, Manager Audit and Assurance
Office of the Mayor and Chief Executive Officer

EXECUTIVE SUMMARY

Internal Control and Performance Assessment

Impact / Criticality of Operation to Council	Critical	Significant	Low
Recommendations by Risk Ratings Risk Management Standard ISO 31000	Extreme 0	High 0	Medium/Low 0M / 2L
Audit Opinion	Strong	Adequate	Weak

Key Issues Identified

Strong compliance with legislation and best practice guidelines. Sound financial control environment.

Comments by Director Infrastructure Services, Andrew Ryan.

This is a very positive audit and is a strong validation and testimony to the professionalism and dedication of our Disaster management team.

Committee Recommendation (AC17/6)

Moved: L Scanlan
Seconded: Councillor T Dwyer

That the Audit Committee receive and note the report titled "Disaster Management".

Carried unanimously.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

5.3.5 ASSET MANAGEMENT PLANS AND SYSTEM

File No: Council meetings
Author: Manager Audit and Assurance
Office of the Mayor and Chief Executive Officer
Attachments: Att 1 - Maturity Self-Assessment Survey
Att 2 - Results of Maturity Self-Assessment

EXECUTIVE SUMMARY

Internal Control and Performance Assessment

Impact / Criticality of Operation to Council	Critical	Significant	Low
Recommendations by Risk Ratings Risk Management Standard ISO 31000	Extreme 0	High 3	Medium/Low 3M / 1L
Audit Opinion	Strong	Adequate	Weak

Key Issues Identified

Although the overall financial sustainability outlook is positive and many asset management practices are sound, there are opportunities to assess the performance of the asset management system, re-evaluate the desired level of maturity and improve the level of consistency and currency of asset management plans across all asset networks.

The completed maturity self-assessment should inform asset management policies, strategies and in particular, address the following key areas:

- Adequacy and effectiveness of resourcing and structures
- Reliability and scope of condition data collection
- Consultation with the community and monitoring service levels and performance
- Program of assessment, audit and improvement.

Comments by Director Infrastructure Services, Andrew Ryan.

I support the recommendations and actions proposed, and thank the auditors for a very effective audit that outlines our current status and future challenges. I also note that via the Asset Management Steering Committee, a number of the high risk items have been previously identified and tabled, and work is either underway or intended to commence to address the areas of risk enunciated in the audit report.

AUDIT COMMITTEE DISCUSSION POINTS

- The report provides a valuable insight to the current status of asset management strategies, plans and the challenges moving forward.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

Committee Recommendation (AC17/17)

Moved: L Scanlan
Seconded: Councillor T Dwyer

*That Council receive and note the report titled "**Asset Management Plans and System**".*

Carried unanimously.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

5.3.6 BUDERIM WASTE RESOURCE RECOVERY CONTRACT MANAGEMENT

File No: Council Meetings
Author: Manager Audit and Assurance
Office of the Mayor and Chief Executive Officer
Attachments: Att 1 - Vincents Buderim Waste Resource Recovery Services Review

EXECUTIVE SUMMARY

Internal Control and Performance Assessment

Impact / Criticality of Operation to Council	Critical	Significant	Low
Recommendations by Risk Ratings Risk Management Standard ISO 31000 (0 Rejected Recommendations)	Extreme 0	High 0	Medium/Low 0
Audit Opinion	Strong	Adequate	Weak

Key Issues Identified

Vincents assurance & risk advisory were engaged to undertake the Buderim Waste Resource Recovery Services Contract Review and the results confirm the sound financial management and fraud control framework established to manage this contract. No improvement recommendations have been provided (refer attached Vincents assurance & risk advisory report).

Given that same control framework is used for the Caloundra Waste Resource Recovery Contract, the contract is for similar values and the service provider is the same, this result provides added assurance over the management of the Caloundra Waste Resource Contract.

Comments by Director Infrastructure Services, Andrew Ryan

This is an excellent audit result and is reflective of the strong risk management approach and controls implemented by the Waste and Resource Management staff, assisted by guidance and direction by our internal audit team over the years.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

Committee Recommendation (AC17/8)

Moved: L Scanlan
Seconded: Councillor T Dwyer

*That the Audit Committee receive and note the report titled "**Buderim Waste Resource Recovery Contract Management**".*

Carried unanimously.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

5.3.7 AUDIT AND ASSURANCE STATUS REPORT

File No: Council Meetings
Author: Manager Audit and Assurance
Office of the Mayor and Chief Executive Officer
Attachments: Att 1 - Detailed Audit Recommendations
Att 2 - 2017 Audit Committee Annual Work Plan

EXECUTIVE SUMMARY

The report provides the Audit Committee with an update on the 2016/17 Audit Plan and the status reporting on Audit Recommendations. As at December 2016, the Audit Work Plan is progressing on schedule and audit recommendations are effectively managed.

Committee Recommendation (AC17/9)

Moved: L Scanlan
Seconded: Councillor T Dwyer

*That the Audit Committee receive and note the report titled "**Audit and Assurance Status Report**".*

Carried unanimously.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

5.3.8 AUDIT COMMITTEE PERFORMANCE ASSESSMENT

File No: Council Meetings
Author: Manager Audit and Assurance
Office of the Mayor and Chief Executive Officer

EXECUTIVE SUMMARY

The Audit Committee Performance Assessment is a requirement of the Audit Committee Charter (Section 9). The assessment is designed to provide assurance and continual improvement opportunities over the Audit Committee and associated governance operations. The assessment was adapted to suit the Local Government framework using Best Practice Checklists from government agencies, professional bodies and major accounting firms as follows:

- Australian National Audit Office and Queensland Treasury Guidelines;
- CPA and Institute of Internal Auditors Guidelines;
- Deloitte, KPMG and Price Waterhouse Coopers Guidelines.

The assessment questionnaire was completed by Audit Committee members, the Chief Executive Officer, Directors and the Queensland Audit Office. The results indicate that the Audit Committee and associated governance operations continue to operate to a high standard.

AUDIT COMMITTEE DISCUSSION POINTS

- The performance review confirms continual improvement since 2011.

Committee Recommendation (AC17/10)

Moved: L Scanlan
Seconded: Councillor T Dwyer

*That the Audit Committee receive and note the report titled "**Audit Committee Performance Assessment**".*

Carried unanimously.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

5.3.9 AUDIT COMMITTEE AND INTERNAL AUDIT CHARTERS

File No: Council Meetings
Author: Manager Audit and Assurance
Office of the Mayor and Chief Executive Officer
Attachments: Att 1 - Audit Committee Charter
Att 2 - Internal Audit Charter

EXECUTIVE SUMMARY

Annual review of Audit Committee and Internal Audit Charters to ensure legislative compliance and best practice is incorporated where applicable. The Charters were last reviewed 23 May 2016 by the Audit Committee and subsequently endorsed by Council 16 June 2016.

As a result of this annual review, the Audit Committee Charter remains unchanged but the Internal Audit Charter has been amended to reflect Internal Audit's responsibility for implementing a Fraud and Corruption Risk Assessment program in accordance with best practice guidance.

Committee Recommendation (AC17/11)

Moved: L Scanlan
Seconded: Councillor T Dwyer

That the Audit Committee:

- (a) *receive and note the report titled "**Audit Committee and Internal Audit Charters**" and*
- (b) *recommend to Council that the attached Audit Committee Charter and the Internal Audit Charter be endorsed.*

Carried unanimously.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

5.4 GOVERNANCE REPORTING

5.4.1 WORK HEALTH AND SAFETY REPORT

File No: Council Meetings
Author: Manager Human Resources
Corporate Services Department

EXECUTIVE SUMMARY

The annual Safety Symposium coordinated by the Infrastructure Services Department was conducted in November with over 600 staff attending. The agenda included the introduction of Council's Mental Health Program 'Fresh Minds' and focused on the importance of adhering to the 7 Safety Essentials, and Council's Work Safe : Live Well program. Queensland Safety Ambassador, Shane Webcke, attended as a guest speaker and shared a personal and very powerful message about the importance of Health & Safety and the impact that incidents and injuries have on families and people around them.

A Hearing Conservation Program commenced in August with information sessions being run at all major buildings and depots across council. Audiometric Testing was conducted in September for staff that were identified as having a high risk potential of being exposed to excessive levels of noise in the workplace. The third phase of the program will involve noise testing of plant, machinery and workplaces early in the new year.

In the period August 2016 – November 2016 there was one notifiable incident. A member of the public suffered a cardiac arrest at the Beerwah Aquatic Centre. The person was recovered from the pool and revived by pool staff. The person was then transferred to the Royal Brisbane Women's Hospital by rescue helicopter but unfortunately passed away five days after the event.

In December 2016 a second incident was notified to Workplace Health and Safety Queensland. A subcontractor who was delivering a mini-skip to the Roys Road Depot construction project was in the process of opening a sliding door/gate when the door came free from its guide and fell to the ground. The initial investigation identified that the sliding door was left incomplete by the fencing and perimeter wall contractor as they were awaiting parts for an electric gate opener to be installed. A piece of timber used as a temporary brace but the skip delivery driver pushed the door past the upper "u bracket" which resulted in it falling to the ground.

Fortunately, no one was injured during the incident. A detailed ICAM investigation was completed by the WH&S Audit and Investigation Officer. WH&S Qld have advised Council that there will be no further action from their agency in regard to the incident. The door is now secured and operational.

AUDIT COMMITTEE DISCUSSION POINTS

- The statistics highlight continual improvement.
- Opportunity to compare statistics to Unitywater in future reporting.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

Committee Recommendation (AC17/12)

Moved: L Scanlan
Seconded: Councillor T Dwyer

That the Audit Committee receive and note the report titled "Work Health and Safety Report".

Carried unanimously.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

5.4.2 GOVERNANCE REPORT

File No: Council Meetings
Author: Manager Corporate Governance
Corporate Services Department
Attachments: Att 1 - Strategic Risks

EXECUTIVE SUMMARY

The Governance in Action program has continued to focus on delivering mandatory Employee Code of Conduct training across the organisation. This program is now completed and future training will be undertaken as part of the induction program for new employees and via an online refresher tool.

Strategic and Operational Risks continued to be monitored and this report provides information on the 246 risks rated from 'low to extreme'. A number of operational improvements have been made to the Risk Management Framework following review of suggestions made in the Deloitte report presented to the Audit Committee September 2016. All branch risk registers have been updated following a series of workshops with the exception of the Sunshine Coast Airport risk register.

As part of our Complaints Management program, complaint matters elevated to Corporate Governance branch continue to be managed within timeframes. Analysis is done to assess the cause of each complaint and what management or system improvements can be implemented.

Committee Recommendation (AC17/13)

Moved: L Scanlan
Seconded: Councillor T Dwyer

*That the Audit Committee receive and note the report titled "**Governance Report**".*

Carried unanimously.

AUDIT COMMITTEE MINUTES

30 JANUARY 2017

6 GENERAL BUSINESS

7 NEXT MEETING

The next Ordinary Meeting will be held on 22 May 2017 in the Council Chambers, 1 Omrah Avenue, Caloundra.

8 MEETING CLOSURE

The meeting closed at 10:53am.

Confirmed 22 May 2017.

CHAIR
