

Minutes

Audit Committee

Monday, 24 May 2021

Council Chambers, Corner Currie and Bury Streets, Nambour

AUDIT COMMITTEE MEMBERS

Councillor J Natoli	Division 4
Councillor E Hungerford	Division 7
Mr P Dowling AM	External Member (Chair)
Mr L Scanlan	External Member
Mr M Petrie	External Member
Mr P McCallum	External Member

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

1 DECLARATION OF OPENING

The Chair declared the meeting open at 9:00am.

2 RECORD OF ATTENDANCE AND LEAVE OF ABSENCE**AUDIT COMMITTEE MEMBERS**

Councillor J Natoli	Division 4
Councillor E Hungerford	Division 7
Mr P Dowling AM	External Member (Chair)
Mr L Scanlan	External Member
Mr M Petrie	External Member
Mr P McCallum	External Member

EXECUTIVE LEADERSHIP TEAM

Chief Executive Officer
Chief Strategy Officer
Group Executive Built Infrastructure
Group Executive Economic and Community Development
Group Executive Liveability and Natural Assets

APOLOGIES

Group Executive Business Performance
Group Executive Customer Engagement and Planning Services
Director - Major Projects and Strategic Property
Head of Information Technology

ATTENDEES

Engagement Manager	Queensland Audit Office
Engagement Leader	Queensland Audit Office

COUNCIL OFFICERS

Principal Auditor
Manager Strategic Planning
Coordinator Financial Services
Coordinator Organisational Performance
Manager Asset Management
Coordinator Financial Accounting
Manager Audit and Assurance
Head of People & Culture
Manager Business and Innovation
Payroll Manager
Manager Corporate Governance
Head of Property

3 INFORMING OF CONFLICTS OF INTEREST

3.1 PRESCRIBED CONFLICTS OF INTEREST

Nil

3.2 DECLARABLE CONFLICTS OF INTEREST

Nil

4 REPORTS

4.1 OFFICE OF THE CEO

4.1.1 CHIEF EXECUTIVE OFFICER'S UPDATE

File No: Audit Committee
Author: Coordinator Organisational Performance
Office of the CEO

EXECUTIVE SUMMARY

Over the past quarter our Council has continued to partner with our community, business and other tiers of government to progress our vision for the Sunshine Coast to be Australia's most sustainable region. Healthy. Smart. Creative.

Working together has enabled our region to respond to the impacts of the COVID-19 pandemic and keep our community and employees safe. Through this Council has continued to be agile and deliver outcomes that serve our community with excellence, respect the past, and position the region for the future.

From the period since the previous Audit Committee meeting, Council adopted its Corporate Plan 2021-2025 at the Ordinary Meeting in February 2021. This plan contains our vision for the future and sets the blueprint to guide our decisions over the next five years by establishing our strategic goals, pathways and priorities that will advance our vision.

The Corporate Plan will inform the development of the Operational Plan, budget and business plans for the 2021/22 financial year.

Community engagement is an important part of Council business and continues to be a strategic priority to inform our service delivery and planning for the future. Council's commitment resulted in a review of our current practices and establishing a revised Community Engagement Policy and Excellence in Engagement Framework that was adopted at the Ordinary Meeting in March 2021.

This policy delivers a robust structure for authentic, meaningful and fit for purpose engagement and provides ways for Council to work in partnership with the community to co-create a region that is inclusive, connected and where opportunities are available to all. Meaningful community engagement informs good decisions and builds confidence, relationships, trust and mutual respect with our community.

A number of notable milestones have been achieved, including:

- Council endorsed the 'Innovate' Reconciliation Action Plan 2021-2022 that provides an opportunity for Council and our community to continue to build its capacity to support and sustain reconciliation outcomes for our First Nations community
- Council resolved to prepare a new Sunshine Coast planning scheme that will shape future land use and development within the local government area, and
- the Sunshine Coast Environment and Liveability Strategy won the Government category at the prestigious Banksia Sustainability Awards.

Council has achieved a \$98.3 million operating result - \$8.6 million higher than current budget year to date and is progressing all 64 Operational Plan 2020/21 activities.

Committee Recommendation (AC21/13)

Moved: Councillor J Natoli

Seconded: P Dowling

*That the Audit Committee receive and note the report titled "**Chief Executive Officer's Update**".*

Carried unanimously.

4.1.2 CYBER SECURITY PROGRAM UPDATE

File No: **Audit Committee**
Author: **Head of Information Technology**

Item 4.1.2 Cyber Security Program Update was deferred until the September 2021 Audit Committee Meeting.



4.1.3 ASSET MANAGEMENT UPDATE

File No: Audit Committee
Author: Manager Asset Management
Built Infrastructure Group

EXECUTIVE SUMMARY

In September 2019, an update report was provided to the Audit Committee on the status of actions from an internal audit undertaken on Councils Asset Management Plans and Systems in January 2017

The Audit Committee has been progressively updated in relation to Councils asset management activities, specifically in relation to the Confirm Asset Information System Project.

This report will provide an update on Council's asset management activities.

Committee Recommendation (AC21/14)

Moved: Councillor J Natoli
Seconded: P Dowling

That the Audit Committee:

- (a) *receive and note the report titled "**Asset Management Update**"*
- (b) *note that a further progress report on the ongoing asset management activities will be provided at the September 2021 Audit Committee Meeting.*

Carried unanimously.

4.2 EXTERNAL AUDIT

4.2.1 ANNUAL FINANCIAL STATEMENT RISK AND PLANNING ASSESSMENT

File No: Audit Committee
Author: Coordinator Financial Accounting
 Business Performance Group

EXECUTIVE SUMMARY

Council has a statutory obligation to prepare General Purpose Financial Statements on an annual basis, culminating in audit certification in late October, before publication in Council's Annual Report.

Refer to timeline below.

Legend: Blue shading = complete

Milestone	Documentation/Details	Proposed Date
2020/21 Planning Audit	As per Client Assistance Schedule	30 November – 18 December 2020
QAO external audit plan (draft)	Provided by QAO	18 December 2020
Audit Committee Meeting	Finalisation of Council's 2019/20 Financial Statement Audit Process <ul style="list-style-type: none"> Sunshine Coast Council - QAO Final Management Report 2020 SunCentral Maroochydore Pty Ltd – QAO 2020 Closing Report to the Board SunCentral Maroochydore Pty Ltd – QAO Final Management Report 2020 SunCentral Maroochydore Pty Ltd Annual Report 2020 Sunshine Coast Events Centre Pty Ltd Annual Report 2019-2020 Sunshine Arts Foundation Ltd Annual Report 2019/20 Planning for the 2020/21 Financial Statements Audit Process <ul style="list-style-type: none"> QAO 2021 Draft External Audit Plan 	21 January 2021
1st Interim Audit		15 – 26 March 2021
QAO 1 st Interim Management Report		9 April 2021
Accounting papers on known accounting issues	<ul style="list-style-type: none"> AASB 1059 <i>Service Concession Arrangements: Grantors</i> 	15 April 2021
	<ul style="list-style-type: none"> Maroochydore City Centre Development Agreements (deferred until 2021/22 as no material impact on 2020/21) Disclosure of impacts on land valuation due to restrictions on use (not yet applicable) 	Deferred
QAO Feedback on accounting papers		30 April 2021
Draft pro-forma financial statements		30 April 2021
QAO Feedback on proforma financial statements		14 May 2021

Milestone	Documentation/Details	Proposed Date
Audit Committee Meeting	<ul style="list-style-type: none"> Financial Statement Preparation Maturity Self-Assessment Draft Pro-forma Financial Statements 2020/21 Asset Revaluation Summary and Progress Update Accounting papers on known accounting issues 	24 May 2021
2nd Interim Audit		7 – 11 June 2021
QAO 2 nd Interim Management Report	Provided by QAO	25 June 2021
Asset valuations completed	Supporting work papers available to Audit	16 July 2021
QAO review of asset valuations		30 July 2021
Audit Committee Meeting	Draft Financial Statements 2020/21	6 September 2021
Final Audit		6 – 17 September 2021
Working draft financial statements to Audit		6 September 2021
Complete draft financial statements to Audit		8 September 2021
QAO feedback on draft financial statements		17 September 2021
QAO Audit Clearance	Closing Report	28 September 2021
Audit Committee Meeting	Audit Committee/management clearance of financial statements and current year financial sustainability statement	5 October 2021
Council certification of financial statements and current year financial sustainability statement	Signed financial statements including management certificate	7 October 2021
QAO signs audit report		8 October 2021
QAO final management report	Provided by QAO	8 October 2021
QAO review of annual report	Provided to QAO following Council Review	November 2021
QAO Report to Parliament	Report to Parliament on the results of Local Government Audits	February/March 2022

In conjunction with Queensland Audit Office, Council endeavours each year to strengthen the quality control surrounding this process.

Major milestones in the process identified with Queensland Audit Office are detailed in the table above.

Committee Recommendation (AC21/15)

Moved: Councillor J Natoli

Seconded: P Dowling

*That the Audit Committee receive and note the report titled “**Annual Financial Statement Risk and Planning Assessment**”.*

Carried unanimously.

4.3 AUDIT AND ASSURANCE**4.3.1 PAYROLL**

File No: Council Meetings
Author: Manager Audit and Assurance
Office of the CEO

EXECUTIVE SUMMARY

Elements of the Payroll System and Processes were reviewed to provide assurance that the processes were operating in an effective and efficient manner. Improvement opportunities were identified and accepted by Management.

Committee Recommendation (AC21/16)

Moved: Councillor J Natoli
Seconded: P Dowling

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

Carried unanimously.

**4.3.2 INSURANCE AND CLAIMS MANAGEMENT OPERATIONS IN
CORPORATE GOVERNANCE BRANCH**

File No: Council Meetings
Author: Manager Audit and Assurance
Office of the CEO

EXECUTIVE SUMMARY

Insurance and Claims Management operations were found to be adequate with some potential to monitor the effectiveness of controls relating to public liability risks.

Committee Recommendation (AC21/17)

Moved: Councillor J Natoli
Seconded: P Dowling

That the Audit Committee receive and note the report titled "Insurance and Claims Management Operations in Corporate Governance Branch".

Carried unanimously.

4.3.3 AUDIT AND ASSURANCE STATUS REPORT

File No: Council Meetings
Author: Manager Audit and Assurance
Office of the CEO

EXECUTIVE SUMMARY

As at May 2021, the 2020/21 Internal Audit Work Plan is on schedule.

Committee Recommendation (AC21/18)

Moved: Councillor J Natoli
Seconded: P Dowling

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

Carried unanimously.

4.3.4 2021 - 2022 INTERNAL AUDIT WORK PLAN

File No: Council meetings
Author: Manager Audit and Assurance
Office of the CEO

EXECUTIVE SUMMARY

The 2021 – 2022 Internal Audit Work Plan is presented to the Audit Committee and is subject to final endorsement by Council.

The audit work plan methodology ensures that audit resources are effectively utilised and appropriate coverage is achieved in accordance with risk-based auditing standards.

Committee Recommendation (AC21/19)

Moved: Councillor J Natoli
Seconded: P Dowling

That the Audit Committee:

- (a) *receive and note the report titled “2021 - 2022 Internal Audit Work Plan” and*
- (b) *recommend to Council that the 2021 – 2022 Internal Audit Work Plan be endorsed.*

Carried unanimously.

4.4 GOVERNANCE REPORTING

4.4.1 WORK HEALTH AND SAFETY REPORT

File No: Council Meetings
Author: Head of People & Culture
Business Performance Group

EXECUTIVE SUMMARY

Workplace Health and Safety Queensland Notifiable Incidents

There were 2 notifiable incidents within the reporting period.

1. Suspected snake bite of 12 year old aquatic centre patron. Precautionary. Child did not receive bite.
2. Workplace Health and Safety Queensland Inspector attended Parklands Boulevard site and issued Improvement Notice for failing to manage vehicle speed in controlled road area. Actions raised and closed within 24 hours.

Since the conclusion of the reporting period there has been an additional two notifiable incidents in April 2021. Firstly, an electric shock to a member of the public from a light pole at Happy Valley, Caloundra and secondly, the issuance of one Improvement Notice for non-compliant scaffold (grandstand seating) at Sunshine Coast Stadium.

All actions and Regulator investigations are now closed.

Committee Recommendation (AC21/20)

Moved: Councillor J Natoli

Seconded: P Dowling

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

Carried unanimously.

4.4.2 GOVERNANCE AND RISK REPORT

File No: Council Meetings
Author: Manager Corporate Governance
Office of the CEO

EXECUTIVE SUMMARY

As Council advances towards the achievement of its vision – Australia’s most sustainable region. Healthy. Smart. Creative., proactive opportunities to continually improve accountability, transparency, responsiveness, inclusiveness, decision making and overall approaches to organisational governance and risk management are pursued via a number of awareness strategies and mitigation techniques.

The Governance in Action Program assists this approach as it continues to build and increase awareness across the organisation on the importance of governance responsibilities and obligations for Council. There has been a steady rise in the number of requests for further information and training on a variety of governance and integrity related topics. These requests demonstrate a willingness to grow and develop as a responsible and mature organisation.

Strategic and operational risks continue to be monitored and managed effectively. The recent review of Council’s Operational Risk Registers has highlighted an increase in understanding and awareness of risk knowledge across the organisation.

Complaint matters elevated to the Corporate Governance Branch continue to be actioned and analysed to assess the cause of each complaint and to identify systemic issues and opportunities for improvement to reduce the likelihood of similar issues or concerns reoccurring.

Committee Recommendation (AC21/21)

Moved: Councillor J Natoli
Seconded: P Dowling

*That the Audit Committee receive and note the report titled “**Governance and Risk Report**”.*

Carried unanimously.

The Chief Executive Officer acknowledged Peter Dowling and Len Scanlan for their outstanding leadership and contributions to the Sunshine Coast Council Audit Committee over the past 12 years.

5 NEXT MEETING

The next Audit Committee Meeting will be held on 6 September 2021.

6 MEETING CLOSURE

The meeting closed at 12:04pm.