

# Minutes

## Audit Committee Meeting

Friday 8 June 2012

Council Chambers, corner Currie and Bury Streets, Nambour

### AUDIT COMMITTEE MEMBERS

Councillor C Thompson	Division 4
Councillor T Dwyer	Division 2
Mr P Dowling AM	Independent Member (Chair)
Mr L Scanlan	Independent Member

## TABLE OF CONTENTS

ITEM	SUBJECT	PAGE NO
1	DECLARATION OF OPENING .....	1
2	RECORD OF ATTENDANCE AND LEAVE OF ABSENCE .....	1
3	RECEIPT AND CONFIRMATION OF MINUTES .....	2
3.1	CONFIRMATION OF MINUTES.....	2
3.1.1	MINUTES OF MEETING HELD ON 30 JANUARY 2012.....	2
4	OBLIGATIONS OF MEMBERS .....	2
4.1	DECLARATION OF MATERIAL PERSONAL INTEREST ON ANY ITEM OF BUSINESS.....	2
4.2	DECLARATION OF CONFLICT OF INTEREST ON ANY ITEM OF BUSINESS.....	2
5	CHIEF EXECUTIVE OFFICER'S UPDATE.....	3
5.1.1	VERBAL UPDATE – CHIEF EXECUTIVE OFFICER .....	3
6	EXTERNAL AUDIT .....	4
6.1.1	SUNSHINE COAST REGIONAL COUNCIL AND CONTROLLED ENTITIES AUDIT PLAN.....	4
6.1.2	FINANCIAL STATEMENT RISK ASSESSMENT .....	5
6.1.3	QUEENSLAND AUDIT OFFICE UPDATE – WHOLE OF GOVERNMENT ISSUES.....	6
7	GOVERNANCE REPORTING.....	7
7.1.1	GOVERNANCE AND RISK REPORT.....	7
7.1.2	31 MARCH 2012 HEALTH AND SAFETY REPORT .....	8
7.1.3	UPDATE ON THE DISASTER RESPONSE AND RECOVERY REVIEW .....	9
7.1.4	INFRASTRUCTURE SERVICES CAPITAL WORKS END TO END PROCESSES - STAKEHOLDER SELF ASSESSMENT REVIEW.....	10
8	INTERNAL AUDIT .....	11

# Audit Committee App A Minutes 8 June 2012

8.1.1	RATE PROCESSES - SPECIAL RATES, CONCESSIONS AND INTEREST .....	11
8.1.2	INFRINGEMENTS PROCESS .....	12
8.1.3	PAYROLL AND AGENCY LABOUR PROCESSES - INFRASTRUCTURE SERVICES .....	13
8.1.4	AUDIT AND ASSURANCE STATUS REPORT .....	14
9	GENERAL BUSINESS.....	15
10	NEXT MEETING.....	15
11	MEETING CLOSURE.....	15

## 1 DECLARATION OF OPENING

The Chair declared the meeting open at 9.02am.

## 2 RECORD OF ATTENDANCE AND LEAVE OF ABSENCE

### AUDIT COMMITTEE MEMBERS

Mr P Dowling AM	Independent Member (Chair)
Councillor C Thompson	Division 4
Mr L Scanlan	Independent Member

### EXECUTIVE LEADERSHIP TEAM

Chief Executive Officer  
Executive Director Finance and Business  
A/Executive Director Infrastructure Services  
Executive Director Community Services  
Executive Director Regional Strategy and Planning

### APOLOGIES

Councillor T Dwyer	Division 2
Executive Director Infrastructure Services	

### ATTENDEES

Ms J Richards	KPMG
Ms L Ailwood	KPMG
Ms K Johnson	Queensland Audit Office

### COUNCIL OFFICERS

Manager Audit and Assurance  
Financial Accounting Manager  
Manager Corporate Governance  
Corporate Planning and Reporting Manager  
Manager Human Resources  
Chief Information Officer  
ICT Infrastructure Services Manager

## **3 RECEIPT AND CONFIRMATION OF MINUTES**

### **3.1 CONFIRMATION OF MINUTES**

#### **3.1.1 MINUTES OF MEETING HELD ON 30 JANUARY 2012**

That the minutes of the Audit Committee held on 30 January 2012, be received and confirmed.

## **4 OBLIGATIONS OF MEMBERS**

### **4.1 DECLARATION OF MATERIAL PERSONAL INTEREST ON ANY ITEM OF BUSINESS**

Pursuant to Section 172 (3) of 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 Section 173 (4) of the *Local Government Act 2009* Peter Dowling declared his association with the Crime and Misconduct Commission as Chair of their Audit Committee.

---

## 5 CHIEF EXECUTIVE OFFICER'S UPDATE

### 5.1.1 VERBAL UPDATE – CHIEF EXECUTIVE OFFICER

**File No:** ECM 8 June 2012

**Presenter:** Chief Executive Officer

---

### AUDIT COMMITTEE DISCUSSION POINTS

This report provides a brief overview of significant decision points and achievements over the last quarter to date.

- Status of new Council since the election and significant decisions associated with retaining the Corporate Plan vision, to remain with Unitywater, the economy being a priority including the 2012/2013 budget and opportunities provided with four local members being Minister of the State Parliament.
- Key region making projects (Maroochydore City Centre /Horton Park land/Arts Exhibition Convention Centre; Light rail business case preparation; Sunshine Coast Airport expansion plans; Sunshine Coast University Hospital/Kawana).
- Caloundra South and ULDA/infrastructure funding/changes proposed by the State Government.
- Financial sustainability for the organisation and the 2012/2013 budget.
- Organisational preparedness for change and development.
- Prospects of de-amalgamation.
- Status of Outstanding Management Actions associated with the Infrastructure Services Purchasing and Panels report and requirement to formally report at the next meeting.
- Update on the systems at Council's disposal to address legislative requirements for greenhouse gas emissions and associated report provided at the meeting.
- Deputy Mayor addressed the Audit Committee and highlighted the positive meeting held with the Minister for Local Government and outlook for Council.

### OFFICER/AUDIT COMMITTEE RECOMMENDATION

*That the Audit Committee:*

- (a) receive and note the report titled "Verbal Update - Chief Executive Officer" and the discussions held by committee; and*
- (b) note the requirement to provide a formal report to the next meeting on actions taken to mitigate risks associated with the Infrastructure Services Purchasing and Panels report.*

## 6 EXTERNAL AUDIT

### 6.1.1 SUNSHINE COAST REGIONAL COUNCIL AND CONTROLLED ENTITIES AUDIT PLAN

**File No:** ECM 8 June 2012  
**Author:** Acting Financial Accounting Manager  
Finance and Business  
**Appendix:** [App A - SCRC 2011/2012 Audit Plan](#) (AC Att Pg 19)

---

#### AUDIT COMMITTEE DISCUSSION POINTS

- External Audit focus on asset valuations (fair value) and asset acquisitions.
- Caloundra South development and potential contingent liability.
- Investment in Unitywater.

#### OFFICER/AUDIT COMMITTEE RECOMMENDATION

*That the Audit Committee:*

- receive and note the report titled "Sunshine Coast Regional Council and Controlled Entities Audit Plan KPMG External Audit Plan for the 2011-2012 financial year"; and*
  - note the KPMG Status Report Update including the Sunshine Coast Regional Council and Controlled Entities Audit Plan (Appendix A).*
-

## 6.1.2 FINANCIAL STATEMENT RISK ASSESSMENT

**File No:** ECM 8 June 2012  
**Author:** Acting Financial Accounting Manager  
Finance and Business

---

### OFFICER/AUDIT COMMITTEE RECOMMENDATION

*That the Audit Committee:*

- (a) *receive and note the report titled "Financial Statement Risk Assessment" identifying no material risks; and*
  - (b) *note the requirement for a summary report to support the Draft Financial Statements that records the drivers and movement in asset valuations.*
-



## 6.1.3 QUEENSLAND AUDIT OFFICE UPDATE – WHOLE OF GOVERNMENT ISSUES

**File No:** ECM 8 June 2012

**Presenter:** Queensland Audit Office

---

### AUDIT COMMITTEE DISCUSSION POINTS

- The significant findings of the Auditor-General's report to Parliament on Local Government Financial Statements 2010 / 2011 were discussed.
- Recommended a hard close prior to end of financial year to improve timeliness of reporting.

### OFFICER/AUDIT COMMITTEE RECOMMENDATION

*That Council note the verbal updated provided by the Queensland Audit Office.*

---

## 7 GOVERNANCE REPORTING

### 7.1.1 GOVERNANCE AND RISK REPORT

**File No:** ECM 8 June 2012

**Author:** Manager Corporate Governance  
Finance and Business

**Attachments:** [Att 1 - Risk Summary](#) (AC Att Pg 37)  
[Att 2 - Extreme and High Risks March 2012](#) (AC Att Pg 38)

---

### AUDIT COMMITTEE DISCUSSION POINTS

- Given the most recent information on the Caloundra South Development and the significance of the potential contingent liabilities, the current strategic risk rating recorded in Council's Risk Register will need to be changed immediately.

### OFFICER/AUDIT COMMITTEE RECOMMENDATION

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

---



**7.1.3 UPDATE ON THE DISASTER RESPONSE AND RECOVERY REVIEW**

**File No:** ECM 8 June 2012  
**Author:** IT Infrastructure Services Manager  
Finance and Business

---

**OFFICER/AUDIT COMMITTEE RECOMMENDATION**

*That the Audit Committee receive and note the report titled "Update on the Disaster Response and Recovery Review".*

---

## 7.1.4 INFRASTRUCTURE SERVICES CAPITAL WORKS END TO END PROCESSES - STAKEHOLDER SELF ASSESSMENT REVIEW

**File No:** ECM

**Author:** Manager Business and Major Project Services  
Infrastructure Services

**Attachments:** [Att 1 - Development Flowchart](#) (AC Att Pg 45)  
[Att 2 - Project Scoping Plan](#) (AC Att Pg 46)  
[Att 3 - Whole of Life Costs](#) (AC Att Pg 48)  
[Att 4 - Bridges Criteria Model](#) (AC Att Pg 51)  
[Att 5 - Sports Facilities Criteria Model](#) (AC Att Pg 52)  
[Att 6\(a\) - Capital Performance Report April 2012](#) (AC Att Pg 53)  
[Att 6\(b\) - Capital Performance Report April 2012](#) (AC Att Pg 56)  
[Att 6\(c\) - Capital Commitments](#) (AC Att Pg 60)  
[Att 7 - April 2012 IS Capital Performance](#) (AC Att Pg 63)  
[Att 8 - April 2012 Inquisitor Project Report](#) (AC Att Pg 64)  
[Att 9 - Capital Works Good News April 2012](#) (AC Att Pg 65)  
[Att 10 - IS Capital Daily Spend 29 May 2012](#) (AC Att Pg 83)  
[Att 11 - Capital Budget Reallocation Form 11-12](#) (AC Att Pg 84)

---

## OFFICER/AUDIT COMMITTEE RECOMMENDATION

*That the Audit Committee:*

- (a) *receive and note the report titled "Infrastructure Services Capital Works End to End Processes – Stakeholder Self Assessment"; and*
  - (b) *note that an action plan to mitigate identified risks associated with finalisation of projects, as constructed processes and post construction reviews be reported back to future meetings of the Audit Committee.*
-

**8 INTERNAL AUDIT**

**8.1.1 RATE PROCESSES - SPECIAL RATES, CONCESSIONS AND INTEREST**

**File No:** ECM

**Author:** Manager, Audit and Assurance

---

**OFFICER/AUDIT COMMITTEE RECOMMENDATION**

*That the Audit Committee receive and note the report titled "Rate Processes – Special Rates, Concessions and Interest".*

  

---

**8.1.2 INFRINGEMENTS PROCESS**

**File No:** ECM

**Author:** Manager Audit and Assurance, Glen Charles

---

**OFFICER/AUDIT COMMITTEE RECOMMENDATION**

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

---

**8.1.3 PAYROLL AND AGENCY LABOUR PROCESSES - INFRASTRUCTURE SERVICES**

**File No:** ECM 8 June 2012

**Author:** Manager, Audit and Assurance

---

**OFFICER/AUDIT COMMITTEE RECOMMENDATION**

*That the Audit Committee receive and note the report titled "Payroll and Agency Labour Processes – Infrastructure Services".*

---



## 8.1.4 AUDIT AND ASSURANCE STATUS REPORT

**File No:** ECM

**Author:** Manager, Audit and Assurance

**Attachments:** [Att 1 - 2012-2013 Audit Work Plan](#) (AC Att Pg 85)  
[Att 2 - Outstanding Recommendations June 2012](#) (AC Att Pg 96)

---

## AUDIT COMMITTEE DISCUSSION POINTS

- Proposal to distinguish within the Annual Internal Audit Work Plan core and non-core audit activities

## OFFICER/AUDIT COMMITTEE RECOMMENDATION

*That the Audit Committee:*

- receive and note the report titled "Audit and Assurance Status Report"; and*
  - note the proposed 2012 – 2013 Internal Audit Work Plan.*
-

## AUDIT COMMITTEE RECOMMENDATION

**Moved:** Len Scanlan  
**Seconded:** Councillor C Thompson

*That the Audit Committee adopt the recommendations of the Audit Committee Meeting of 8 June 2012 and submit the recommendations to Council.*

**Carried unanimously.**

---

## 9 GENERAL BUSINESS

Nil.

## 10 NEXT MEETING

The next meeting of the Audit Committee will be held on Monday, 10 September 2012, in the Council Chambers, corner Currie and Bury Streets, Nambour, commencing at 9.00am.

## 11 MEETING CLOSURE

The meeting closed at 10.46am.

---