



# 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



AUDIT COMMITTEE MINUTES

24 MAY 2021

**TABLE OF CONTENTS**

ITEM	SUBJECT	PAGE NO
1	<b>DECLARATION OF OPENING</b> .....	5
2	<b>RECORD OF ATTENDANCE AND LEAVE OF ABSENCE</b> .....	5
3	<b>INFORMING OF CONFLICTS OF INTEREST</b> .....	6
	3.1 <b>PRESCRIBED CONFLICTS OF INTEREST</b> .....	6
	3.2 <b>DECLARABLE CONFLICTS OF INTEREST</b> .....	6
4	<b>REPORTS</b> .....	7
	4.1 <b>OFFICE OF THE CEO</b> .....	7
	4.1.1 CHIEF EXECUTIVE OFFICER'S UPDATE .....	7
	4.1.2 CYBER SECURITY PROGRAM UPDATE .....	9
	4.1.3 ASSET MANAGEMENT UPDATE .....	10
	4.2 <b>EXTERNAL AUDIT</b> .....	11
	4.2.1 ANNUAL FINANCIAL STATEMENT RISK AND PLANNING ASSESSMENT .....	11
	4.3 <b>AUDIT AND ASSURANCE</b> .....	14
	4.3.1 PAYROLL .....	14
	4.3.2 INSURANCE AND CLAIMS MANAGEMENT OPERATIONS IN CORPORATE GOVERNANCE BRANCH .....	15
	4.3.3 AUDIT AND ASSURANCE STATUS REPORT .....	16
	4.3.4 2021 - 2022 INTERNAL AUDIT WORK PLAN.....	17
	4.4 <b>GOVERNANCE REPORTING</b> .....	18
	4.4.1 WORK HEALTH AND SAFETY REPORT .....	18
	4.4.2 GOVERNANCE AND RISK REPORT .....	19
5	<b>NEXT MEETING</b> .....	20
6	<b>MEETING CLOSURE</b> .....	20

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

**AUDIT COMMITTEE MINUTES**

---

**24 MAY 2021**

**AUDIT COMMITTEE MINUTES**

**24 MAY 2021**

**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

**AUDIT COMMITTEE MINUTES**

---

**24 MAY 2021**

**3 INFORMING OF CONFLICTS OF INTEREST**

**3.1 PRESCRIBED CONFLICTS OF INTEREST**

Nil

**3.2 DECLARABLE CONFLICTS OF INTEREST**

Nil

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AUDIT COMMITTEE MINUTES

24 MAY 2021

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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

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**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.

**AUDIT COMMITTEE MINUTES**

**24 MAY 2021**

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**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.**



**AUDIT COMMITTEE MINUTES**

**24 MAY 2021**

---

**4.1.2 CYBER SECURITY PROGRAM UPDATE**

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

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

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AUDIT COMMITTEE MINUTES

24 MAY 2021

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4.1.3 ASSET MANAGEMENT UPDATE

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

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**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.**

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AUDIT COMMITTEE MINUTES

24 MAY 2021

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

AUDIT COMMITTEE MINUTES

24 MAY 2021

Milestone	Documentation/Details	Proposed Date
<b>Audit Committee Meeting</b>	<ul style="list-style-type: none"> <li>Financial Statement Preparation Maturity Self-Assessment</li> <li>Draft Pro-forma Financial Statements 2020/21</li> <li>Asset Revaluation Summary and Progress Update</li> <li>Accounting papers on known accounting issues</li> </ul>	24 May 2021
<b>2<sup>nd</sup> Interim Audit</b>		7 – 11 June 2021
QAO 2 <sup>nd</sup> 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
<b>Audit Committee Meeting</b>	Draft Financial Statements 2020/21	6 September 2021
<b>Final Audit</b>		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
<b>Audit Committee Meeting</b>	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.

**AUDIT COMMITTEE MINUTES**

**24 MAY 2021**

---

**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.**

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AUDIT COMMITTEE MINUTES

24 MAY 2021

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4.3 AUDIT AND ASSURANCE

4.3.1 PAYROLL

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

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**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.**

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AUDIT COMMITTEE MINUTES

24 MAY 2021

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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

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**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.**

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AUDIT COMMITTEE MINUTES

24 MAY 2021

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4.3.3 AUDIT AND ASSURANCE STATUS REPORT

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

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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.



AUDIT COMMITTEE MINUTES

24 MAY 2021

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4.3.4 2021 - 2022 INTERNAL AUDIT WORK PLAN

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

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**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.**

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AUDIT COMMITTEE MINUTES

24 MAY 2021

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4.4 GOVERNANCE REPORTING

4.4.1 WORK HEALTH AND SAFETY REPORT

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

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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.

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**AUDIT COMMITTEE MINUTES**

**24 MAY 2021**

---

**4.4.2 GOVERNANCE AND RISK REPORT**

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

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**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.**

**AUDIT COMMITTEE MINUTES**

---

**24 MAY 2021**

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.