

Minutes

Audit Committee Meeting

Friday, 1 February 2013

Council Chambers, corner Currie and Bury Streets, Nambour

AUDIT COMMITTEE MEMBERS

Councillor C Thompson	Division 4
Councillor C Dickson	Division 6
Mr P Dowling AM	Independent Member (Chair)
Mr L Scanlan	Independent Member

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

1 DECLARATION OF OPENING

The Chair declared the meeting open at 9.02 am.

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

Mr P Dowling AM	Independent Member (Chair)
Councillor C Thompson	Division 4
Councillor C Dickson	Division 6
Mr L Scanlan	Independent Member

EXECUTIVE LEADERSHIP TEAM

Chief Executive Officer
Executive Director Executive Office
Acting Executive Director Finance and Business
Manager Business and Major Project Services
Executive Director Community Services
Executive Director Regional Strategy and Planning

APOLOGIES

Acting Executive Director Infrastructure Services

ATTENDEES

Councillor M Jamieson	(Mayor)
Mr P Fleming	(Queensland Audit Office)
Councillor E Hungerford	(Division 7)

COUNCIL OFFICERS

Manager Audit and Assurance

3 RECEIPT AND CONFIRMATION OF MINUTES**AUDIT COMMITTEE RECOMMENDATION**

That the minutes of the Audit Committee Meeting held on 10 September 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 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 of the *Local Government Act 2009*, no declarations of conflict of interest were made during this meeting.

5 REPORTS

5.1 CHIEF EXECUTIVE OFFICER'S UPDATE

5.1.1 UPDATE - CHIEF EXECUTIVE OFFICER

File No: Council Meetings
Author: Chief Executive Officer
Executive Office

AUDIT COMMITTEE DISCUSSION POINTS

- De-amalgamation
- Caloundra South negotiations
- Organisation Review – Ernst and Young
- In relation to de-amalgamation, the committee noted the requirement for preparedness and early planning regarding financial reporting.

Committee Recommendation (AC13/1)

That the Audit Committee note the information from the Chief Executive Officer and the discussions held by the Committee.

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5.2 EXTERNAL AUDIT

5.2.1 KPMG FINAL MANAGEMENT LETTER 2011/2012

File No: ECM 1 February 2013
Author: Financial Accounting Manager
Finance & Business Department
Attachments: Att 1 - KPMG Final Management Letter 2011-2012

AUDIT COMMITTEE DISCUSSION POINTS

- It was noted that only five low risks were reported in the ***"KPMG Final Management Letter"***
- It was noted that the existing practice of reserve accounting will need to change as it is inconsistent with Australian Accounting Standards

Officer Recommendation

That the Audit Committee receive and note the report titled **"KPMG Final Management Letter 2011/2012"**.

Committee Recommendation (AC13/2)

Moved: Councillor C Dickson
Seconded: Councillor C Thompson

That the Audit Committee:

- (a) *receive and note the report titled **"KPMG Final Management Letter 2011/2012"**; and*
 - (b) *thank and acknowledge KPMG for their service and contribution to the organisation.*
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5.2.2 SUNSHINE COAST COUNCIL AUDIT PLAN

File No: ECM 1 February 2013
Author: Financial Accounting Manager
Finance & Business Department
Attachments: Att 1 - QAO Briefing Paper
Att 2 - Sunshine Coast Council Client Strategy 2012/2013

AUDIT COMMITTEE DISCUSSION POINTS

- It was noted that the Audit Committee must receive the disclosures on de-amalgamation and Caloundra South well in advance of 30 June 2013;
- It was noted that effective change management processes will be essential in planning for de-amalgamation ;
- Carbon Tax implications;
- The new Local Government Act and Regulation is applicable for the 2012/2013 financial year and requires Councils to have:
 - the audit of the general purpose financial statements completed by 31 October;
 - the annual report adopted within one month after the date of issue of the independent auditor's report on the financial statements;
 - the annual report published on the Council's website within two weeks of adoption by Council, and
 - an additional audit certification issued in relation to sustainability measures (current year); and
- The Committee requested that all errors identified by the QAO be reported not just those exceeding the defined thresholds.

Committee Recommendation (AC13/3)

*That the Audit Committee receive and note the report titled “**Sunshine Coast Council Audit Plan**”.*

File No: Council Meetings
Author: Meeting Management Officer
Finance & Business Department

That the Audit Committee note the information provided by Queensland Audit Office regarding current areas of emphasis.

**5.2.4 QUEENSLAND AUDIT OFFICE CURRENT PERFORMANCE AUDITS
2012/2013**

File No: Council Meetings
Author: Meeting Management Officer
Finance & Business Department

AUDIT COMMITTEE DISCUSSION POINTS

- Noted within the QAO Briefing Note.

Committee Recommendation (AC13/5)

That the Audit Committee note the information provided by Queensland Audit Office regarding current performance audits 2012/2013.

5.3 GOVERNANCE REPORTING

5.3.1 31 DECEMBER 2012 WORK HEALTH AND SAFETY REPORT

File No: ECM 1 February 2013
Author: Manager Human Resources
Community Services Department

AUDIT COMMITTEE DISCUSSION POINTS

- It was noted that three long term claims have been finalised and the conclusion of these cases is expected to show future reduction of days lost to injury
- The Committee noted a disappointing decline in all principal indicators and that the report did not provide adequate explanation
- Key focus areas for the organisation are fire and plant operator licences (risk management)
- A new safety and risk management system is being considered by Council's IT Steering Committee
- It was noted that Council has full responsibility for WH&S for both employees and contractors i.e. Council cannot contract away WH&S obligations

Committee Recommendation (AC13/6)

That the Audit Committee receive and note the report titled "31 December 2012 Work Health and Safety Report".

File No: 37.2.1

Author: Manager Corporate Governance
Finance & Business Department

Attachments: Att 1 - Risk Matrix Summary
Att 2 - Corporate Risk Register
Att 3 - SCC Payroll Draft Business Continuity Plan

*That the Audit Committee receive and note the report titled “**Governance and Risk Report February 2013**”.*

5.3.3 INFRASTRUCTURE SERVICES CAPITAL WORKS END TO END PROCESSES - STAKEHOLDER SELF ASSESSMENT REVIEW UPDATE

File No: ECM

Author: Manager Business and Major Project Services
Infrastructure Services Department

Attachments: Att 1 - Post Construction Checklist
Att 2 - Post Construction Agenda Minutes
Att 3 - Draft Project Coordinators Manual
Att 4 - Draft Project Coordinators Manual_Project Finalisation Flow Chart
Att 5 - As Constructed Checklist
Att 6 - External (Developer Contributed) Assets - As Constructed Process

AUDIT COMMITTEE DISCUSSION POINTS

- Post asset construction reviews should consider business improvement opportunities of evaluating the budget estimates and value for money delivered by projects
- In relation to projects with expenditure above \$500,000, improved stakeholder consultation regarding updates and follow-ups was identified and would be discussed further with the Division 6 Councillor

Committee Recommendation (AC13/8)

That the Audit Committee receive and note the report titled “Infrastructure Services Capital Works End to End Processes - Stakeholder Self Assessment Review Update”.

5.4 INTERNAL AUDIT

5.4.1 INFORMATION TECHNOLOGY SOFTWARE PURCHASES AND EQUIPMENT LEASING

File No: ECM 1 February 2013
Author: Manager Audit and Assurance
Executive Office

AUDIT COMMITTEE DISCUSSION POINTS

- As reported by Data#3 in December 2011, software compliance was extraordinary good in comparison to other like-organisations.

Committee Recommendation (AC13/9)

*That the Audit Committee receive and note the report titled “**Information Technology Software Purchases and Equipment Leasing**”.*

File No: ECM 1 February 2013

Author: Manager Audit and Assurance
Executive Office

*That the Audit Committee receive and note the report titled “**Quarry Business Operations**”.*

File No: ECM 1 February 2013

Author: Manager Audit and Assurance
Executive Office

*That the Audit Committee receive and note the report titled “**Waste Collection - Revenue and Contract Payments**”.*

5.4.4 INFRASTRUCTURE SERVICES - ALLOCATION OF LABOUR COSTS TO CONSTRUCTED ASSETS

File No: ECM 1 February 2013
Author: Manager Audit and Assurance
Executive Office

Committee Recommendation (AC13/12)

That the Audit Committee receive and note the report titled “Infrastructure Services - Allocation of Labour Costs to Constructed Assets”.

5.4.5 FLEET MANAGEMENT - PLANT HIRE

File No: ECM 1 February 2013
Author: Manager Audit and Assurance
Executive Office

Committee Recommendation (AC13/13)

*That the Audit Committee receive and note the report titled "**Fleet Management - Plant Hire**".*

5.4.6 PAYROLL AND AGENCY LABOUR PROCESSES - COMMUNITY SERVICES

File No: ECM 1 February 2013
Author: Manager Audit and Assurance
Executive Office

Committee Recommendation (AC13/14)

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

5.4.7 AUDIT AND ASSURANCE STATUS REPORT

File No: ECM 1 February 2013
Author: Manager Audit and Assurance
Executive Office
Attachments: Att 1 - Audit Outstanding Management Actions as at 1 Feb 2013

AUDIT COMMITTEE DISCUSSION POINTS

- It was requested that Executive Directors in future, report full details on the status of audit recommendations that have not been completed by the due date

Committee Recommendation (AC13/15)

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

Committee Recommendation (AC13/16)

Moved: Councillor C Dickson
Seconded: Councillor C Thompson

That the Audit Committee adopt the recommendations of the Audit Committee Meeting of 1 February 2013 and submit the recommendations to Council.

Carried unanimously.

6 GENERAL BUSINESS

Nil.

7 NEXT MEETING

The next Audit Committee Meeting will be held on Monday, 13 May 2013 in the Council Chambers, corner Currie and Bury Streets, Nambour.

8 MEETING CLOSURE

The meeting closed at 10.40 am.