



# **MINUTES**

## **AUDIT COMMITTEE MEETING**

**Monday 30 January 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

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## 1 DECLARATION OF OPENING

The Chair declared the meeting open at 9.03am.

## 2 RECORD OF ATTENDANCE AND LEAVE OF ABSENCE

### AUDIT COMMITTEE MEMBERS

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

### EXECUTIVE LEADERSHIP TEAM

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

### APOLOGIES

Nil

### ATTENDEES

Ms J Richards	KPMG
Ms L Ailwood	KPMG
Mr P Nottingham	Audit Manager – CAM, Queensland Audit Office

### COUNCIL OFFICERS

Manager Human Resources  
Manager Corporate Governance  
Corporate Planning and Reporting Manager  
Coordinator Business Operations, Waste and Resource Management  
Manager Audit and Assurance

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

### **3.1 MINUTES OF THE MEETING HELD 12 SEPTEMBER 2011**

#### **AUDIT COMMITTEE RECOMMENDATION**

*That the minutes of the Audit Committee Meeting held on Monday, 12 September 2011 be received and confirmed.*

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## **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 (2) of the *Local Government Act 2009*, no declarations of conflict of interest were made during this meeting.

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## 5 CHIEF EXECUTIVE OFFICER'S UPDATE

### 5.1.1 VERBAL UPDATE – CHIEF EXECUTIVE OFFICER

File No: ECM 12 September 2011

Presenter: Chief Executive Officer

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### AUDIT COMMITTEE DISCUSSION POINTS

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

- The 2010/11 Annual Report was completed and reflects the significant achievements and progress of Sunshine Coast Council over the twelve month period.
- Work in relation to the Caloundra South development being managed by the ULDA continued. Of note is the fact that the Development Application was lodged, however Sunshine Coast Council was only afforded 10 days by the State Government to respond to a wide array of documentations provided. This is the latest in a series of examples of less than ideal process relating to the development. A specific contingent liability risk is identified in the report to the Audit Committee (attachment Page 54).
- The de-amalgamation issues continue to feature locally with the State options policy position to appoint a boundary commission review and consultation with the Noosa community on possible de-amalgamation. A high level report has been commissioned by Council to assess the cost implications of de-amalgamation (attachment Page 55).
- Acquisition of the Horton Park Golf Club land in Maroochydore was finalized with gazettal of the acquisition occurring last week.
- In partnership with key agencies, community and business, Council has managed the Dangerous Goods risks associated with a variety of fuel outlets. Finalisation of arrangements with some business owners is still being completed.

### OFFICER/AUDIT COMMITTEE RECOMMENDATION

*That the Audit Committee receive and note the report titled "Verbal Update - Chief Executive Officer" and the discussions held by committee.*

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## 6 EXTERNAL AUDIT

### 6.1.1 KPMG EXTERNAL AUDIT COMPLETION REPORT FOR 2010/2011

**File No:** ECM 30 January 2012

**Author:** Financial Accounting Manager  
Finance and Business

**Attachment:** [Att 1 - Audit Completion Report 2011](#) (AC Pg 17)

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### OFFICER/AUDIT COMMITTEE RECOMMENDATION

*That Council receive and note the report titled "KPMG External Audit Completion Report for 2010/2011".*

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

**File No:** ECM 30 January 2012

**Presenter:** Audit Manager - CAM

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### AUDIT COMMITTEE DISCUSSION POINTS

- new Auditor-General (Mr Andrew Greaves) commenced on 17 December 2011 and has not yet made any formal announcements about changes in direction that may impact on local governments;
- some recommendations from the strategic review of Queensland Audit Office that may affect local governments are being progressed:
  - a permanent audit file has been created to electronically store details of all audits. These details form the basis of information given out for tendering purposes;
  - the tendering process is continually being refined and it is now possible for the existing contract auditor to secure a further contract term despite being the previous auditor; and
  - legislative changes have given the auditor-general the power to exempt small low risk audits from being audited by him;
- the only area of emphasis audit earmarked for the council this year is Review of Journals which is due to be completed July 2012;
- the report to parliament on the results of local government audits is currently being written and due for tabling in March 2012;
- Changes to the *Clean Energy Act 2011* and the *National Greenhouse and Energy Reporting Act 2007* come into force on 1 July 2012. Local governments may be affected if they have landfills and the legislation requires entities to have auditable systems in place to measure carbon emissions. Local Government Association of Queensland are considering the matter and may issue a local govt bulletin; and
- The Auditor-General has determined that the Mayor's letter detailing audit issues raised, is one that he is required to give a copy of to the Minister.

### OFFICER RECOMMENDATION

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

### AUDIT COMMITTEE RECOMMENDATION

*That Council note the verbal update provided by the Queensland Audit Office and request the Chief Executive Officer to provide an update on the systems at Council's disposal to address legislative requirements for green house gas emissions.*

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## 6.1.3 EXTERNAL AUDIT FEES

**File No:** ECM – 30 January 2012

**Author:** Financial Advisor  
Finance and Business

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### OFFICER RECOMMENDATION

That Audit Committee receive and note the report titled “External Audit Fees”.

### AUDIT COMMITTEE RECOMMENDATION

*That Audit Committee receive and note the report titled “External Audit Fees” and request the Chief Executive Officer to have further discussion with the Queensland Audit Office and the contract auditor regarding audit scope and external audit fees prior to presentation of the work plan to the next Audit Committee meeting.*

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## 7 GOVERNANCE REPORTING

### 7.1.1 31 DECEMBER 2011 WORK HEALTH AND SAFETY REPORT

**File No:** ECM 30 January 2012  
**Author:** Health and Safety Manager (Acting)

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#### OFFICER/AUDIT COMMITTEE RECOMMENDATION

*That Council receive and note the report titled "31 December 2011 Work Health and Safety Report".*

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### 7.1.2 GOVERNANCE AND RISK REPORT

**File No:** ECM 30 January 2012  
**Author:** Manager Corporate Governance  
Finance and Business  
**Attachments:** [Att 1 - Corporate Risk Summary](#) (AC Att Pg 49)  
[Att 2 - Corporate Risk Report](#) (AC Att Pg 50)  
[Att 3 - Local Law Review Project Consultation Report](#) (AC Att Pg 57)

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#### OFFICER/AUDIT COMMITTEE RECOMMENDATION

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

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## 7.1.3 INDEPENDENT AUDIT OF WASTE AND RESOURCES MANAGEMENT BRANCH OPERATIONAL ACTIVITIES

**File No:** 1-14054

**Author:** Manager Waste and Resources Management  
Infrastructure Services

**Appendix:** [App A - WRM Risk Opportunity Assessment V2 1](#) (AC Att Pg 69)

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### OFFICER RECOMMENDATION

That the Audit Committee:

- (a) receive and note the report titled "Audit of Waste and Resources Management Branch Operational Activities";
- (b) note the high level financial risk assessment "Waste Resource Management, Risk and Opportunity Assessment" (Appendix A) indicating no material financial risk exposures and associated action plans to improve financial controls demonstrating that financial risks are being effectively managed; and
- (c) confirm the independent external audit of waste operations is not warranted as an appropriate level of assurance has been received.

### AUDIT COMMITTEE RECOMMENDATION

*That the Audit Committee:*

- (a) *receive and note the report titled "Audit of Waste and Resources Management Branch Operational Activities";*
  - (b) *note the high level financial risk assessment "Waste Resource Management, Risk and Opportunity Assessment" (Appendix A) indicating no material financial risk exposures and associated action plans to improve financial controls demonstrating that financial risks are being effectively managed; and*
  - (c) *recommend to Council the independent external audit of waste operations is not warranted as an appropriate level of assurance has been received.*
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## 7.1.4 PROBITY REVIEW FOR TURF MAINTENANCE SERVICES CONTRACT

**File No:** ECM 30 January 2012

**Author:** Manager Commercial & Procurement  
Finance and Business

**Attachment:** [Att 1 - Advisors Probity Report Review](#) (AC Pg 75)

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### OFFICER/AUDIT COMMITTEE RECOMMENDATION

*That the Audit Committee receive and note the report titled "Probity Review of Turf Maintenance Services Contract".*

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## 8 INTERNAL AUDIT

### 8.1.1 INFRASTRUCTURE SERVICES PURCHASING AND PANELS

**File No:** ECM 30 January 2012  
**Author:** Manager, Audit and Assurance

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#### OFFICER RECOMMENDATION

That the Audit Committee receive and not the report titled "Infrastructure Services Purchasing and Panels".

#### AUDIT COMMITTEE RECOMMENDATION

*That the Audit Committee receive and note the report titled "Infrastructure Services Purchasing and Panels" and request the Chief Executive Officer to provide a progress report to future Audit Committee meetings.*

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### 8.1.2 ACCOUNTS PAYABLE REVIEW

**File No:** ECM 30 January 2012  
**Author:** Manager, Audit and Assurance

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#### OFFICER/AUDIT COMMITTEE RECOMMENDATION

*That the Audit Committee receive and note the report titled "Accounts Payable Review".*

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## 8.1.3 ART GALLERIES AND CULTURAL HERITGAGE LEVY

**File No:** ECM 30 January 2012

**Author:** Manager, Audit and Assurance

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### OFFICER/AUDIT COMMITTEE RECOMMENDATION

*That the Audit Committee receive and note the report titled "Art Galleries and Cultural Heritage Levy".*

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## 8.1.4 BACKFLOW PREVENTION DEVICES AND ON-SITE SEWERAGE FACILITIES

**File No:** ECM 30 January 2012

**Author:** Manager, Audit and Assurance

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### OFFICER/AUDIT COMMITTEE RECOMMENDATION

*That the report titled "Backflow Prevention Devises and On-Site Sewerage Facilities" be received and noted.*

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## 8.1.5 AUDIT AND ASSURANCE STATUS REPORT

**File No:** ECM 30 January 2012

**Author:** Manager, Audit and Assurance

**Attachment:** [Att 1 - Outstanding Management Actions](#) (AC Att Pg 81)

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### OFFICER/AUDIT COMMITTEE RECOMMENDATION

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

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## AUDIT COMMITTEE RECOMMENDATION

**Moved:** Mr L Scanlan  
**Seconded:** Councillor C Thompson

*That the Audit Committee adopt the recommendations of the Audit Committee Meeting of 30 January 2012 and submit the recommendations to Council.*

**Carried.**

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## 9 GENERAL BUSINESS

Nil

## 10 NEXT MEETING

The next meeting of the Audit Committee will be held on Friday 25 May 2012, in the Nambour Council Chambers, corner Currie and Bury Streets, Nambour, commencing at 9.00 am.

## 11 MEETING CLOSURE

The meeting closed at 12.03pm.

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