



Redland
CITY COUNCIL

MINUTES

AUDIT COMMITTEE MEETING

Monday, 21 October 2013

**Council Chambers
1st floor Administration Building
Bloomfield Street Cleveland QLD 4163**

TABLE OF CONTENTS

ITEM	SUBJECT	PAGE NO
1	DECLARATION OF OPENING	3
2	RECORD OF ATTENDANCE AND APOLOGIES.....	3
3	RECEIPT AND CONFIRMATION OF MINUTES.....	3
	3.1 BUSINESS ARISING FROM PREVIOUS MINUTES	3
4	UPDATE FROM THE CHIEF EXECUTIVE OFFICER.....	4
5	COUNCIL FINANCIAL REPORTS.....	5
	5.1 FINANCIAL STATEMENTS FOR THE YEAR.....	5
	5.2 COUNCIL END OF MONTH FINANCIAL REPORTS.....	5
6	PROPOSED CHANGE TO QUARTERLY COMPLIANCE SURVEY	5
7	INTERNAL AUDIT PLAN	6
	7.1 AUDIT PLAN STATUS	6
8	INTERNAL AUDIT REPORTS	6
	8.1 ORGANISATIONAL SERVICES	6
	8.2 COMMUNITY AND CUSTOMER SERVICES.....	6
	8.3 INFRASTRUCTURE AND OPERATIONS.....	6
9	AUDIT RECOMMENDATIONS DUE FOR IMPLEMENTATION	6
	9.1 INTERNAL AUDIT RECOMMENDATIONS.....	6
	9.2 QAO RECOMMENDATIONS.....	6
10	UPDATE FROM EXTERNAL AUDITORS.....	7
11	OTHER BUSINESS.....	7
	11.1 FRAUD AND CORRUPTION PREVENTION.....	7
	11.2 CHANGES TO STRATEGIC AND OPERATIONAL RISKS	7
	11.3 COMPLAINTS MANAGEMENT	7
	11.4 WORKPLACE HEALTH AND SAFETY	7

11.5	INFORMATION MANAGEMENT GOVERNANCE FRAMEWORK.....	8
12	MEETING CLOSURE.....	8

1 DECLARATION OF OPENING

The Chairperson declared the meeting open at 1.05pm.

2 RECORD OF ATTENDANCE AND APOLOGIES

Membership:

Cr M Edwards	Chairperson
Cr K Williams	Mayor
Mr V Dua	External Member – by teleconference
Mr P Dowling	External Member

Secretary:

Ms S Covill	Group Manager Internal Audit
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Invitees:

Mr B Lyon	Chief Executive Officer
Mr N Clarke	General Manager Organisational Services
Mr G Soutar	General Manager Infrastructure and Operations
Mr G Holdway	Chief Financial Officer
Mr G Photinos	Group Manager Environment & Regulation
Mr L Wallace	Group Manager Corporate Governance
Mr P Gould	Service Manager Workplace Health, Safety & Wellbeing
Mr D MacNiven	Group Manager Information Management
Mr A Ross	General Counsel
Mr B Worrall	Crowe Horwath - QAO Audit Representative
Ms A Kewal	Senior Internal Auditor

Minutes:

Ms E Striplin	Corporate Meetings & Registers Team
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Apologies:

Ms L Rusan	General Manager Community & Customer Services
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In Appreciation:

Thanks and appreciation was extended to Brendan Worrall for all the work he has put in over the past five years – this being his last meeting.

3 RECEIPT AND CONFIRMATION OF MINUTES

The minutes of the Audit Committee meeting of 9 September 2013 were confirmed as correct.

3.1 BUSINESS ARISING FROM PREVIOUS MINUTES

The Chair will ask for any business arising from the minutes of 25 June 2013 of this committee.

- 3.1.1. As per Item 3.1 (Business Arising From Previous Minutes) the Audit Committee requested to be notified at the next meeting on how many risks have actually materialised during the period.
- These statistics are difficult to determine and the Group Manager Corporate Governance undertook to look at different options to produce the information requested.
- 3.1.2 As per Item 5.1 (Council End of Month Financial Reports) the Committee has requested the Chief Financial Officer to include more information in the monthly report pack about people, apart from the cost of employing people by department, how many people RCC has and what type of people are employed e.g. permanent, casual, contractors, etc.
- The Chief Financial Officer reported that some FTE employee information has now been included in the End of Month reports; however, more detail will be included as further requested by the Audit Committee (see 5.2 below).
- 3.1.3 As per Item 7.1 (Audit Plan Status) the Committee suggested that a report be presented once a year on the evaluation feedback received from managers.
- A summary was presented at the June Audit Committee meeting and Internal Audit will present a full report of the evaluation feedback at the meeting in June next year.
- 3.1.4 As per Item 8 (Internal Audit Reports) the Committee has requested that the Group Manager Internal Audit, working with Mr Virendra Dua, look at introducing an analytical review section and process flowchart to internal audit reports and that the new format be brought back to the next Committee and if there is broad support for the format, introduce it across the board.
- The Group Manager Internal Audit reported that Internal Audit has been involving Mr Virendra Dua more in this process with the last few reports.
- 3.1.5 As per Item 9.1 (Internal Audit Recommendations) the Committee requested that a member of IT come along to discuss the IT methodology and managing successful IT programs.
- See Item 11.5 (Information Management Governance Framework)
- 3.1.6 As per Item 11.5 (Workplace Health and Safety) the Committee requested that a year on year comparison be presented at the next meeting showing sufficient granulation and tracking and trending (e.g. age and/or seasonal related incidents) in a dashboard format.
- Service Manager Workplace Health, Safety & Wellbeing reported that a spreadsheet to identify trending will be presented formally at next Audit Committee Meeting.

4 UPDATE FROM THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer provided the Audit Committee with an update on key operational matters:

- LDMG - No issues to report and plans are well advanced for upcoming high risk times.
- Budget - Council is in a favourable position with the budget and we are forecasting to deliver the budget as adopted. Normal cost pressures are evident in the budget, but risk is tolerable and being actively managed.

Capital Expenditure is just below budget, a position we have not been in for a while. This is the result of improved budgeting, delivery and forecasting.

- Certified Agreement Update - Agreement is with the Unions for signing prior to lodgement with the Commission. No issues and we are progressing under the new agreement.
- Policy Development - Major policies are up to date and reviews are scheduled via Councillor workshops as required. Senior Management Remuneration policy and CEO Delegation reviews are being presented to Council on 23 October 2013. PDA Project and Planning Scheme Reviews are progressing as planned and appropriate delegations have been passed through Council.
- Organisational Structure - Minor changes to the Procurement Team have been necessitated by the separation of the manager. A detailed review of Procurement is occurring at present under the Group Manager Process and Performance. Business Support Officers' Review continues and is on track.
- Legal Matters - An update was provided on current legal matters.

COMMITTEE DECISION

That the Audit Committee note the report of the CEO on operational matters as presented.

5 COUNCIL FINANCIAL REPORTS

5.1 FINANCIAL STATEMENTS FOR THE YEAR

The Chief Financial Officer presented the annual financial statements for the year ended 30 June 2013 and the Management Representation Letter to the Committee for noting.

COMMITTEE DECISION

That the Audit Committee note the annual financial statements and Management Representation Letter as presented.

5.2 COUNCIL END OF MONTH FINANCIAL REPORTS

Council's end of month reports for June, July and August 2013 were presented to the Audit Committee.

COMMITTEE DECISION

- 1. That the Audit Committee note the financial reports as presented.**
- 2. That head count numbers be included in future reports.**

6 PROPOSED CHANGE TO QUARTERLY COMPLIANCE SURVEY

The Group Manager Corporate Governance updated the Committee on proposed changes to the process for the quarterly compliance surveys.

COMMITTEE DECISION

- 1. That the update as presented be noted.**
- 2. That future surveys would include questions relating to missing Local Government property over \$1000 (under s.307A of the LG Regulation) and questions relating to any Fraud and Corruption issues. Also, information to be collated and kept on a corporate register.**

7 INTERNAL AUDIT PLAN

7.1 AUDIT PLAN STATUS

The status of the Audit Plan was presented to the Committee for noting.

COMMITTEE DECISION

That the Audit Committee note the status of the Audit Plan as presented.

8 INTERNAL AUDIT REPORTS

The following reports were presented for Audit Committee consideration:

8.1 ORGANISATIONAL SERVICES

- Review of Fuel Management (Fuel Supplies and Fuel Cards)

8.2 COMMUNITY AND CUSTOMER SERVICES

- Review of Asset Management – Contributed Assets
- Revenue Cycle and Cash Handling – IndigiScapes

8.3 INFRASTRUCTURE AND OPERATIONS

- Review of Asset Management – Maintenance of Critical Assets (Redland Water)

COMMITTEE DECISION

- 1. That the Audit Committee note the reports as presented.**
- 2. That back-ups are performed for MYOB at IndigiScapes and kept off-site.**
- 3. That a delegate from Financial Services assists Indigiscapes regarding MYOB reporting.**
- 4. That KPI information be recorded in all future Internal Audit reports to the extent possible.**

9 AUDIT RECOMMENDATIONS DUE FOR IMPLEMENTATION

9.1 INTERNAL AUDIT RECOMMENDATIONS

The General Managers and Chief Financial Officer presented a progress report of audit recommendations due for implementation to the Committee.

COMMITTEE DECISION

- 1. That the Audit Committee note the Audit Recommendations Due For Implementation as presented.**
- 2. That the CEO will report a review/update on the operational procurement program at next Audit Committee, to include key metrics and individual high rated recommendations in the audit register relating to procurement.**

9.2 QAO RECOMMENDATIONS

The Group Manager Internal Audit presented a progress report of QAO audit recommendations due for implementation to the Committee.

COMMITTEE DECISION

That the Audit Committee note the QAO Audit Recommendations Due For Implementation as presented.

10 UPDATE FROM EXTERNAL AUDITORS

Crowe Horwath presented the Audit Committee Report for the Year Ended 30 June 2013 and the interim audit and draft final audit management letters to the Audit Committee.

COMMITTEE DECISION

That the Audit Committee note the Audit Committee Report and management letters as presented.

11 OTHER BUSINESS**11.1 FRAUD AND CORRUPTION PREVENTION**

The Group Manager Internal Audit presented the Fraud and Corruption Prevention policy and framework to the Committee.

COMMITTEE DECISION

That the Audit Committee note the documents as presented.

11.2 CHANGES TO STRATEGIC AND OPERATIONAL RISKS

The Group Manager Corporate Governance presented the Committee with the current strategic risk register.

COMMITTEE DECISION

- 1. That the Audit Committee note the risk register as presented.**
- 2. CEO will email Mr Virendra Dua regarding mitigating strategies to reduce the residual risk on Strategic Risk S-3.**
- 3. Operational risks are currently undergoing a review by the business.**

11.3 COMPLAINTS MANAGEMENT

The General Counsel presented an annual report to the Committee on the status of Council's administrative action complaints and a status update for the quarter.

COMMITTEE DECISION

- 1. That the Audit Committee note the report and update as presented.**
- 2. That Internal Audit will be made aware of any fraud related type incidents.**

11.4 WORKPLACE HEALTH AND SAFETY

The Service Manager Workplace Health, Safety & Wellbeing presented an update to the Committee on the Workplace Health and Safety external audit recommendations and other statistics.

COMMITTEE DECISION

That the Audit Committee note the update as presented.

11.5 INFORMATION MANAGEMENT GOVERNANCE FRAMEWORK

The Group Manager Information Management presented the Information Management Governance Framework to the Audit Committee.

COMMITTEE DECISION

That the Audit Committee note the presentation as presented.

12 MEETING CLOSURE

The meeting closed at 3.15pm.