

DOUGLAS SHIRE COUNCIL

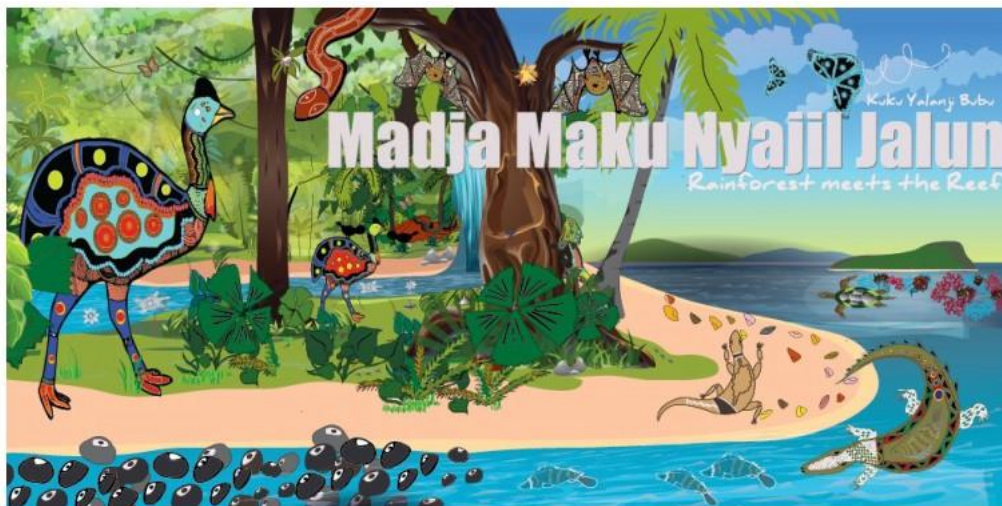
AUDIT COMMITTEE MEETING

MINUTES

Monday 4 April 2022

ENSURING EXCELLENCE IN GOVERNANCE
ACCOUNTABLE AND TRANSPARENT DECISION-MAKING
ENGAGING, PLANNING, PARTNERING
CELEBRATING OUR COMMUNITIES

DOUGLAS
SHIRE COUNCIL



Douglas Shire Council would like to show its appreciation by acknowledging local indigenous artists Lenice Schonenberger, Loretta Pierce (Lenoy) and Ronald Bamboo for providing the cover artwork entitled "**Daintree Ferry**"

1. **WELCOME**

The Chair opened the meeting at 4:00pm welcomed the committee members and observers.

2. **ATTENDANCE AND APOLOGIES**

Committee Members

Chair	Dr Martin Fahy – Via Teams
External Member	Mr Drong Vue
Mayor	Cr Michael Kerr
Deputy Mayor	Cr Lisa Scomazzon

Officers

Chief Executive Officer	Rachel Brophy
Manager Governance	Juanita Warner
Chief Financial Officer	Tara Killeen
Team Leader Financial Accounting	Joanne Nicholson
Senior Governance Officer	Natalie Crimmins

Invited External Representatives

Team Leader, QAO	Martin Luwanga – Via Teams
Engagement Leader, QAO	Lisa Fraser – Via Teams
On-site Team Leader, QAO	Jessica Rossouw – Via Teams

Apologies

Manager Project Office	Scott Hahne
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3. **CONFIRMATION OF MINUTES**

Committee Decision

That the minutes of Douglas Shire Council Audit Committee meeting held 30 September 2021 be confirmed.

4. **CONFLICT OF INTEREST/MATERIAL PERSONAL INTEREST**

There were no Conflicts of Interest declared by any Committee Member or Officer in relation to the items of business listed on the Agenda.

5. **ISSUES BROUGHT FORWARD FROM PREVIOUS MEETING**

There were no issues brought forward from the previous meeting.

6. **OFFICERS' REPORTS**

6.0 **DRAFT 2022 EXTERNAL AUDIT PLAN**

The Queensland Audit Office presented a verbal report on the Draft 2022 External Audit Plan.

General Update

- Lisa Fraser will be the Engagement Leader this year, taking over from Sri Narasimhan.
- Martin Luwanga was involved in last year's audits, Jessica Rossouw will continue as on the job day to day manager.

- The External Audit Plan highlights the areas to be looked at throughout the year and highlights QAO's response to those areas.
- It looks at the Materiality levels, key audit milestones, audit fees, and the status of any outstanding issues. There are no outstanding issues or no new issues found which is really good news.
- The areas of audit focus are:
 - Valuation of property, plant and equipment – looking particularly at the comprehensive asset revaluation of drainage, refuse, and marine asset classes
 - Expenditure of material expenses across a range of different suppliers including classification of costs between operating and capital
 - Incomplete related party disclosures.
- New internal controls maturity model.
- Key Financial Audit Milestones
 - Interim visit will be the week of 13 June 2022
 - Final visit from 12 September 2022

Questions from the Floor:

- It's noted that there is a section on the Review of Information Systems.
 - A high level review will be done this year and a more detailed review will be done the following year.
- Does QAO have plans on building capability in the cyber security area?
 - This may be an area of focus for next year.
- The asset valuation of properties done last year, it was a comprehensive piece of valuation work done. With regards to the testing and QAO's reliance on that, will it be a major focus of the review?
 - QAO will meet with the valuer and review valuation reports and focus on the areas that have been comprehensively revalued by the valuer this year.

Officers Recommendation

It is recommended that the Audit Committee receive the Draft 2022 External Audit Plan.

Committee Decision

The Committee resolved to receive the report.

6.1 FINANCIAL REPORT

The Chief Financial Officer presented the Financial Report.

General Update

- As at end of February, \$2.1M ahead of budget, factors contributing to that include:
 - Water billing up \$211K
 - Ferry down \$195K
 - Employee costs are well down
 - Materials and services are well under, mostly timing differences.

Questions from the Floor:

- At a previous meeting the suggestion of a balance sheet being included in the financial report was discussed, how is this progressing?
 - This has been discussed and investigated. A lot of entries are only done at year end and a lot of the processes can take 3-4 weeks to process. A look at what other Council's do has been done and Finance will continue investigating to come up with something appropriate.

Officers Recommendation

It is recommended that the Audit Committee receive and note the report titled Financial Report.

Committee Decision

The Committee resolved to receive and note the officer's recommendation.

6.2 QUARTER 2 FY2021/22 CAPITAL WORKS PROGRESS REPORT

The Chief Executive Officer on behalf of the Manager Project Office presented the Capital Works Progress Report.

General Update

- Two key external factors that drive the ability to deliver on the capital program, being:
 - Weather
 - Pricing and availability of services
 - Some tenders are getting no responses
- Internal control is that the organisation needs to further develop and implement a project management framework. This should be something that will be delivered in the Operational Plan next year.
- There will be quite a number of carryover projects from this year's Capital Works program.

Questions from the Floor:

- There appears to be some overspends in the QRA projects, is this correct?
 - This will be taken on notice and confirmed with Manager Project Office.

Officers Recommendation

It is recommended that the Audit Committee receive and note the report on Capital Works Progress.

Committee Decision

The Committee resolved to receive and note the officer's recommendation.

6.3 INTERNAL AUDIT UPDATE

The Manager Governance presented the Internal Audit Update.

General Update

- This is the last year of the contract with Pacifica. Tender process will commence next month.
- At the end of the 3 year contract the Internal Auditor must review all the recommendations that they have made for each scope and see what management responses were and the progress. This process has commenced.
- The CRM scope had a lot of recommendations, these are being worked through.
- The recommendations in the Environment Management Systems scope may be difficult to complete fully without an Environmental Compliance Officer or Environment Management System in place.
- The next Internal Audit scopes will be Developer Contributions and Records Management Systems.

Questions from the Floor:

- Nil

Officers Recommendation

It is recommended that the Audit Committee note the Internal Audit Plan Report.

Committee Decision

The Committee resolve to note the officer's recommendation.

6.4 RISK MANAGEMENT UPDATE

The Manager Governance presented the Enterprise Risk Management Update Report.

General Update

- From the previous external audit one of the issues was that we weren't showing when we were reviewing or updating issues or treatment plans. This report shows when the treatments have been changed and what has been changed.
- Have looked at Risks 1, 2, 3, 14.
- Over the upcoming months the ERM Policy, Procedure and Framework will be updated for endorsement at next Audit Committee Meeting and then for adoption by Council in June.

Questions from the Floor:

- Will the risk tolerance will be reviewed?
 - It will be reviewed in the next couple of months.

Officers Recommendation

It is recommended that the Audit Committee note the Enterprise Risk Management Update Report.

Committee Decision

The Committee resolve to note the officer's recommendation.

6.5 AUDIT COMMITTEE POLICY

The Manager Governance presented the Audit Committee Policy.

General Update

- No major changes.

Questions from the Floor:

- Nil

Officers Recommendation

It is recommended that the Audit Committee note, receive and endorse the Audit Committee Policy.

Committee Decision

The Committee resolve to note the officer's recommendation.

6.6 ANNUAL WORK PLAN

The Manager Governance presented the Annual Work Plan for FY2022 and 2023.

General Update

- This is a top level annual work plan.

Questions from the Floor:

- Nil

Officers Recommendation

It is recommended that the Audit Committee note the Annual Work Plan for FY2022 and 2023.

Committee Decision

The Committee resolve to note the officer's recommendation.

6.7 AUDIT COMMITTEE ANNUAL SELF ASSESSMENT

The Manager Governance presented the Audit Committee Annual Self Assessment.

General Update

- Self assessment to be carried out periodically in line with the Terms of Reference.
- All members to complete the Assessment and return to Juanita Warner.
- A summary of the results will be presented at the next Audit Committee Meeting.

Questions from the Floor:

- Nil

Officers Recommendation

It is recommended that the Audit Committee undertakes the Annual Self-Assessment as per the Audit Committee Terms of Reference.

Committee Decision

The Committee resolve to note the officer's recommendation.

7. OTHER BUSINESS

Nil.

8. NEXT MEETING

- 16 May 2022 4:30pm

9. CLOSURE OF MEETING

- The Chair thanked all for their attendance.
- CEO, Rachel Brophy thanked the staff for the comprehensive reports and thanked external members for their time.
- The meeting closed at 5:30pm.

DR MARTIN FAHY
CHAIR