

5.11. AUDIT COMMITTEE MEETING MINUTES

REPORT AUTHOR Juanita Warner, Acting Chief Executive Officer

DEPARTMENT Office of the Chief Executive Officer

RECOMMENDATION

That Council receive and note the unconfirmed minutes of the Audit Committee Meetings held on 21 June 2021 and 23 August 2021.

EXECUTIVE SUMMARY

This report presents the unconfirmed minutes of the Audit Committee Meetings held on 21 June 2021 and 23 August 2021 for Council's information.

BACKGROUND

The Audit Committee considered the following Agenda items at its meetings held on 21 June 2021 and 23 August 2021:

- Confirmation of the Audit Committee Meeting Minutes of 15 March 2021
- Matters arising
- Finance Report
- Non-Current Asset Valuation Report
- QAO Update
- Internal Audit Progress Report
- Governance Report
- Confidential – Daintree Ferry Update Report
- Risk Management Report
- Capital Works Progress Report
- Confidential – Probity Audit
- Cyber Security Risk Update

COMMENT

In accordance with Section 211 (1) (c) of the *Local Government Regulation 2012*, the Audit Committee as soon as practicable after a meeting, give the local government a written report about the matters reviewed at the meeting and the committee's recommendations about the matters.

PROPOSAL

That Council receive and note the unconfirmed minutes of the Audit Committee Meetings held on 21 June 2021 and 23 August 2021.

FINANCIAL/RESOURCE IMPLICATIONS

Nil

RISK MANAGEMENT IMPLICATIONS

The minutes of the Audit Committee are required by legislation to be reported to Council.

SUSTAINABILITY IMPLICATIONS

Economic: Nil

Environmental: Nil

Social: Nil

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 5 - Robust Governance and Efficient Service Delivery

Strong governance and financial management are the foundations of the way in which Council will conduct its business and implement the initiatives of the Corporate Plan.

Goal 1 - *We will conduct Council business in an open and transparent manner with strong oversight and open reporting.*

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Information Provider Council provides the community with important information on services, events, policies, rules, strategies, and any other relevant data that helps the community to stay informed. In performing this role, Council seeks to be open and transparent.

CONSULTATION

Internal: Audit Committee – Minutes distributed after meeting.

External: Nil

COMMUNITY ENGAGEMENT

Nil

ATTACHMENTS

1. 21062021 Audit Committee Meeting Minutes Unconfirmed [5.11.1 - 7 pages]
2. 23082021 Audit Committee Meeting Minutes Unconfirmed [5.11.2 - 7 pages]

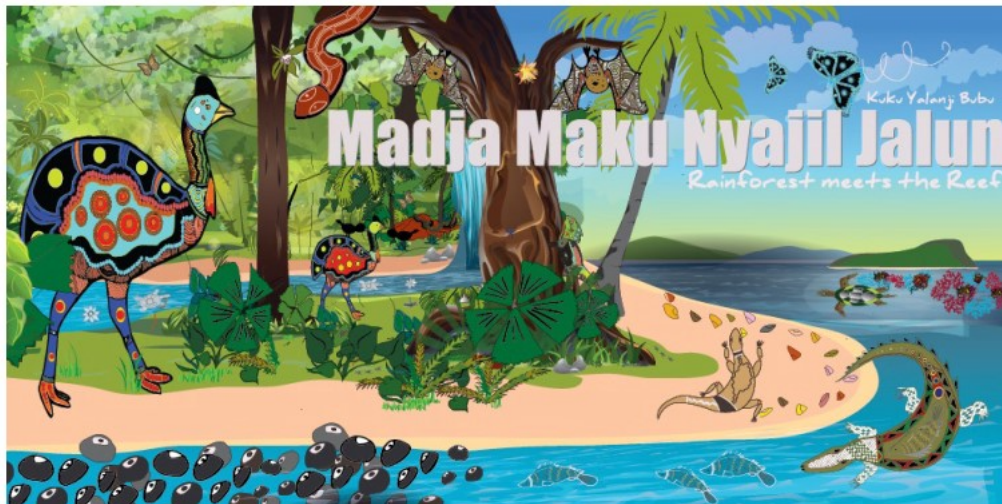
AUDIT COMMITTEE MEETING

MINUTES

Monday 21 June 2021

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





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 4:30pm welcomed the committee members and observers.

2. ATTENDANCE AND APOLOGIES

Committee Members

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

Officers

Chief Executive Officer	Mark Stoermer
Chief Financial Officer	Tara Killeen
Manager Governance	Juanita Holden
Manager Project Office	Scott Hahne
Team Leader Financial Accounting	Joanne Nicholson
Team Leader Management Accounting	Sandeep Tut
Asset Accountant	Katie Wilkinson
Senior Procurement Officer	Sean O'Connor – Via Teleconference

Invited External Representatives

Pacifica - Internal Auditor	Carolyn Eagle
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Apologies

There were no apologies noted.

3. CONFIRMATION OF MINUTES OF COUNCIL MEETINGS

Committee Decision

That the minutes of Douglas Shire Council Audit Committee meeting held 15 March 2021 be confirmed.

4. CONFLICT OF INTEREST/MATERIAL PERSONAL INTEREST

There were no Conflicts of Interest declared by any Councillor or Senior Council officer in relation to the items of business listed on the Agenda.

5. ISSUES BROUGHT FORWARD FROM PREVIOUS MEETING

The Manager Governance provided a status of the following action items.

Action	Description	Completed
Formal Induction	To be organised with WHS Officers	To be organised

Committee Decision

It was resolved that the Audit Committee receive and note the Issues brought forward from previous meeting.

6. REPORTS TO BE TABLED

6.1 FINANCE REPORT

The Chief Financial Officer presented the Finance Report:

General Update

- Presented the May and June Financial Statements
- Budget presented to Council on 15 June and adopted
- Come back to forecast end result ahead of budget – with aim to be in be back in balanced budget in Yr8
- 3.3% forecast across the board for rate increase – was dropped to 2.8%
- Have had a detailed rate model review during the period – targeted increases in specific areas rather than across the board

Questions from the Floor:

- Do Councillors receive an update on balance sheet and cashflow balances as a monthly report?
 - No. Report on operating result and Capital Works
- Is there a reason for this? For a balance sheet / cash flow, it would be good for Councillors to understand what the financial position is.
 - Have had a number of sessions with Councillors and have looked at the liquidity and how it works and about the constraints in the Capital Works

Officers Recommendation

It is recommended that the Audit Committee note and receive the Finance Report.

Committee Decision

The Committee resolved to note the officer's recommendation.

6.2 NON-CURRENT ASSET VALUATION REPORT

The Asset Accountant presented the Non-Current Asset Valuation Report.

General Update:

- Overall fair value increase
- 100% of assets inspected and were deemed to be in a lot better condition that expected

Questions from the Floor:

- Explanations reasonable

Officers Recommendation

It is recommended that the Audit Committee receive and note the Non-current Asset Comprehensive Valuation Report.

Committee Decision

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

6.3 QAO UPDATE

The Chief Financial Officer presented the QAO Update Report:

General Update:

- Interim Audit Update received from QAO
- One significant deficiency identified but this was rectified as soon as identified
- Other items were prior years issues – 2 resolved and 1 was pending

Questions from the Floor:

- The above closes a number of issues that Council had

Officers Recommendation

It is recommended that the Audit Committee note and receive the QAO Update Report.

Committee Decision

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

6.4 INTERNAL AUDIT PROGRESS REPORT

The Director – Pacifica Chartered Accountant, presented the Internal Audit Progress Update Report.

General Update:

- All 3 projects now completed
- FY 21/22 – not discussed as yet
 - Will look at internal planning with officers
 - Aim to have draft at next Audit Committee Meeting
- Great access to staff during all the projects
- MT Responses – willingness to consider recommendations
- No concerns with findings
- CRM Performance – CEO/Mayor/Pacifica will discuss

Questions from the Floor:

- Nil

The Chair noted that the external members of the committee have met with Pacifica.

Officers Recommendation

It is recommended that the Audit Committee note and receive the Internal Audit Progress Update Report.

Committee Decision

The Committee resolve to note the officer's recommendation.

6.5 GOVERNANCE REPORT

The Manager Governance presented the Governance Report.

General Update:

- Main areas worked on this quarter
 - Register of Interests for Councillors and Senior Management. Policy being developed to formalise processes.
 - Conflict of Interest for Policy
 - Complaints Management. Working with Qld Ombudsman and undertaking training.
 - Delegations System. Council to CEO gets updated yearly and then CEO to Employee. Currently captured in a spreadsheet and is very time consuming keeping it updated so An electronic system

Questions from the Floor:

- Does the Conflict of Interest Policy for Employees also cover Contractors
 - Yes it does. It covers all employees (full-time, part-time, casual), contractors, volunteers. This is covered in the definition.

Officers Recommendation

It is recommended that the Audit Committee note and receive the Governance Report.

Committee Decision

The Committee resolve to note the officer's recommendation.

6.6 DAINTREE FERRY UPDATE REPORT

The Chair advised that this report contains information that is confidential and as such is subject to s171 Use of Information by Councillors, s199 Improper conduct by local government employees and s200 Use of information by local government employees of the *Local Government Act 2009*.

The Chief Executive Officer presented the Daintree Ferry Update Report.

Officers Recommendation

It is recommended that the Audit Committee note and receive the Daintree Ferry Update Report.

Committee Decision

The Committee resolve to note the officer's recommendation.

6.7 RISK MANAGEMENT REPORT

The Manager Governance presented the Risk Management Report.

General Update:

- Risk Register hasn't been presented to Council this year and that was highlighted with QAO
- Discussion held at Management Team meeting recently and Register has been reformatted
- Any significant issues will be brought to Council and to Audit Committee
- Slight changes since adopted in 2019, Policy updated and the Framework updated where needed

Questions from the Floor:

- Risk appetite for WHS doesn't seem to align
 - There is WHS Register at an operational level but will discuss with MT to bring it across at a corporate level.

Officers Recommendation

It is recommended that the Audit Committee note and receive the Risk Management Report.

Committee Decision

The Committee resolve to note the officer's recommendation.

6.8 CAPITAL WORKS PROGRESS REPORT

The Manager Project Office presented the Capital Works Progress Report.

General Update:

- 156 projects currently being delivered worth \$37 million
- 53 projects are completed worth \$20 million expended or committed
- 11 projects completed during the reporting period
- Progress target is 90%
- 26 projects anticipated as not being completed by 30 June 2021.

Questions from the Floor:

- Nil

Officers Recommendation

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

Committee Decision

The Committee resolve to note the officer's recommendation.

7. OTHER BUSINESS

7.1 PROBITY AUDIT

The Chair advised that this was an update on the process at this stage, and all officers were asked to leave the meeting. Committee members, Manager Governance and the Senior Procurement Officer who was presenting the Agenda were permitted to remain in the room.

The Senior Procurement Officer presented the Probity Audit Report.

Officers Recommendation

It is recommended that the Audit Committee note and receive the Probity Audit Report.

Committee Decision

The Committee resolve to note the officer's recommendation.

8. NEXT MEETING

The next scheduled meeting for the Audit Committee is 23 August 2021 commencing at 4:30pm however a Special Meeting may be called for the purpose of evaluating the responses received for the Probity Audit.

9. CLOSURE OF MEETING

The meeting closed at 6:02pm.

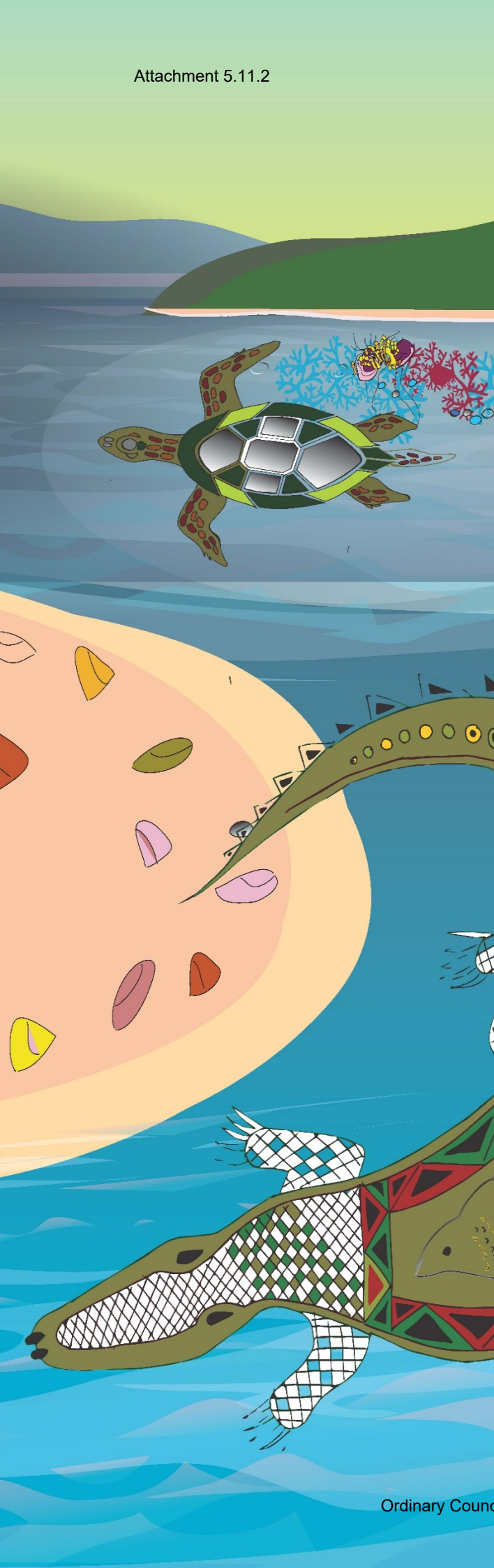
**DR MARTIN FAHY
CHAIR**

AUDIT COMMITTEE MEETING

MINUTES

Monday 23 August 2021

ENSURING EXCELLENCE IN GOVERNANCE
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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 4:30pm welcomed the committee members and observers.

2. ATTENDANCE AND APOLOGIES

Committee Members

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

Officers

Acting Chief Executive Officer	Juanita Warner
Chief Financial Officer	Tara Killeen
Manager Project Office	Scott Hahne
Manager Infrastructure	Natasha Murray
Team Leader ICT	Garry Mason
Senior Governance Officer	Natalie Crimmins

Invited External Representatives

Nil

Apologies

There were no apologies noted.

3. CONFIRMATION OF MINUTES OF COUNCIL MEETINGS

Committee Decision

That the minutes of Douglas Shire Council Audit Committee meeting held 21 June 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

The Acting Chief Executive provided a status of the following action items.

Action	Description	Completed
Formal Induction	To be organised with WHS Officers	To be organised

Committee Decision

It was resolved that the Audit Committee receive and note the Issues brought forward from previous meeting.

6. OFFICERS' REPORTS

6.1 CYBER SECURITY RISK UPDATE

The Chief Financial Officer and Team Leader ICT presented the Cyber Security Risk Update:

General Update

- Hackers are always one step ahead
- Users will be provided training in an electronic interactive online manner with questions throughout
- Management Team will do similar training

Questions from the Floor:

- Were there any findings of the penetration testing done on Water and Wastewater environment?
 - Yes. The penetration testing resulted in approximately 15 findings. There are plans for a complete rebuild of Water and Wastewater environment (SCADA) starting this year.
- The Australian Cyber Security Centre (Federal Government body) 'Essential Eight' is implemented at a Committee Members workplace. It's suggested looking at Maturity Assessment.
 - Yes. Plan to commence in the next financial year.

The Acting Chief Executive Officer advised that due to the sensitive information contained in the report attachments these will not be released to the public.

The Chair noted that this is a very comprehensive report and thanked the Chief Financial Officer and Team Leader ICT for the information.

Officers Recommendation

It is recommended that the Audit Committee note the Cyber Security Risk Update.

Committee Decision

The Committee resolved to note the officer's recommendation.

6.2 FINANCIAL REPORT

The Chief Financial Officer presented the Financial Report.

General Update:

- Interim Financial Report for June 2021 – received by Council at 27 July 2021 Council Meeting
- Financial Report for July 2021 – to be received by Council at 31 August 2021 Council Meeting
- June report written before the end of year adjustments had been made
- Currently operating revenue is approximately \$400,000 ahead of budget

Questions from the Floor:

- Nil

The Chair noted that it is a very difficult time to forecast budgets with the current Covid situation.

Officers Recommendation

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

Committee Decision

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

6.3 CAPITAL WORKS PROGRESS REPORT

The Manager Project Officer presented the Capital Works Progress Report:

General Update:

- Capital Works program consisted of 157 projects valued at \$37.14M
- 107 projects completed
- \$29.473M expended or committed
- Overall financial progress of 81% for the total program and 95% for the current financial year program
- Considering a Covid year it's a pretty good result

The Chair thanked the Manager Project Office for the very detailed report.

Questions from the Floor:

- Very good report, easy to follow. Some projects status are over budget, is there an acceptable threshold?
 - Yes, a method for formulising overspends and underspends was endorsed by Management Team last week

The Acting Chief Executive Officer would like to acknowledge and thank the Manager Project Office for the work that goes into the Capital Program. A Capital Works Tracking meeting is held every three weeks where project status and any complex issues are discussed.

The Chair noted that everyone can be congratulated on the completed projects that have been achieved.

Officers Recommendation

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

Committee Decision

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

6.4 DAINTREE FERRY UPDATE

The Manager Infrastructure presented a verbal update on the Daintree Ferry.

General Update:

- Contract was awarded on 18 June 2021
- Handover was carried out at midnight on 30 June 2021 with the General Manager and Operational Manager of Entrada and Council representatives
- 5am on 1 July 2021 operation resumed as normal
- Ferry drivers are the same as who worked with the previous contractors
- 10 new staff members have been employed
- Everything has been operating smoothly since the change in contractor (e.g. ticketing, mechanics)
- The Operations Manager is living onsite in the house
- Progress Meetings have been held fortnightly
- School holidays were very busy but things have slowed down since then
- Condition assessments have been carried out – some issues have been found

Questions from the Floor:

- Were inspections done on the ferry prior to handover?
 - Yes. 2 inspections have been carried out by qualified marine specialists. The last assessment was done last week.

Officers Recommendation

It is recommended that the Audit Committee note the verbal report on the Daintree Ferry.

Committee Decision

The Committee resolve to note the officer’s recommendation.

6.5 INTERNAL AUDIT

The Acting Chief Executive Officer presented the Internal Audit Plan Report.

General Update:

- The last Internal projects completed were CRM, Corporate Cards, and Environment Compliance
- In the past have done 3 projects a year but this year would like to focus on 2 projects this year due to resources
- Proposes to do Records Management Practices and Developer Contributions
- Pacifica will be engaged again – this is the last year of the current contract
- Next Step will be to provide Pacifica with a list of the two projects, they will then draft a plan which will go to Council in September for adoption.

Questions from the Floor:

- Nil

6.6 ENTERPRISE RISK MANAGEMENT

The Acting Chief Executive Officer presented the Enterprise Risk Management Update Report.

General Update:

- ERM has been placed on the Management Team Strategic Meeting agenda as a standing item. These meetings are held fortnightly
- The Chief Financial Officer has done a great job over the last three meetings updating the Risk Treatment Plans
- Good conversations are happening in the meetings with many ideas discussed

Questions from the Floor:

- Good approach to take, RTPs are very detailed. Suggest to consider adding the risk appetite into the Register.
 - Yes, will add that in.

7. OTHER BUSINESS

7.1 PROBITY REPORT

The Chair presented a verbal update on the Probity Audit.

General Update

- Local Buy was appointed to undertake the Probity Audit
- Weekly updates have been happening
- There has been large quantities of emails and documents sourced
- A timeline is being constructed
- Former staff have been very generous with their time and effort
- Approximately 3 weeks to go and then a report will be presented to Council
- Two reports will be released – one for the Audit Committee and Councillors and the other for the public
- This project has been an enormous task for staff internally

Officers Recommendation

It is recommended that the Audit Committee note the verbal report on the Probity Audit.

Committee Decision

The Committee resolve to note the officer's recommendation.

8. NEXT MEETING

- To be confirmed. A Special Meeting will be called when the Probity Audit is finalised.

9. CLOSURE OF MEETING

- The Chair thanked all for their attendance.
- The meeting closed at 5:41pm.

**DR MARTIN FAHY
CHAIR**

UNCONFIRMED