

5.8. AUDIT COMMITTEE MEETING MINUTES - 15 MARCH 2021

REPORT AUTHOR Juanita Holden, Manager Governance

MANAGER Mark Stoermer, Chief Executive Officer

DEPARTMENT Governance

RECOMMENDATION

That Council receive and note the unconfirmed minutes of the Audit Committee held on 15 March 2021.

EXECUTIVE SUMMARY

This report presents the unconfirmed minutes of the Audit Committee Meeting held 15 March 2021 for Council's information.

BACKGROUND

The Audit Committee considered that following Agenda items at its meeting held 15 March 2021:

- Confirmation of the Audit Committee Meeting 7 December 2020
- Matters arising
- Governance Report
- QAO Y21 Audit Plan
- Confidential – Daintree Ferry Update
- Internal Audit Plan Progress Report
- Financial Reports

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 receives and notes the unconfirmed minutes of the Audit Committee Meeting held 15 March 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.*

Operational Plan 2020-2021 Actions:

5.1.2 - *Review Council's reporting to the community. Update key performance indicators.*

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

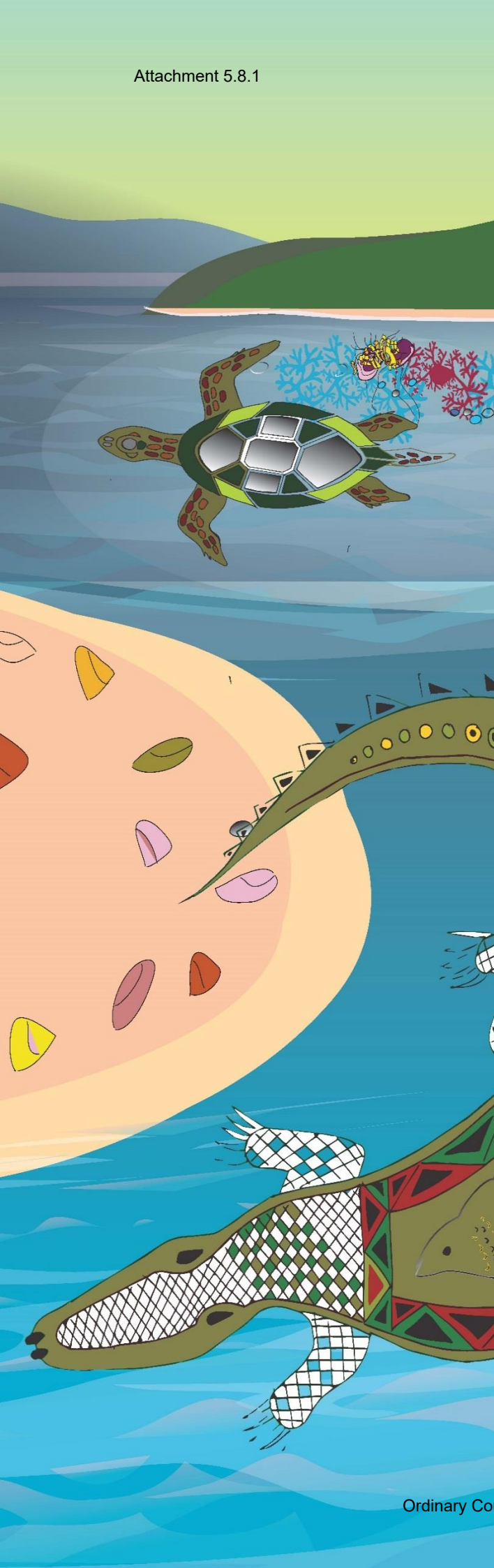
1. Audit Committee - Minutes 15032021 [5.8.1 - 7 pages]

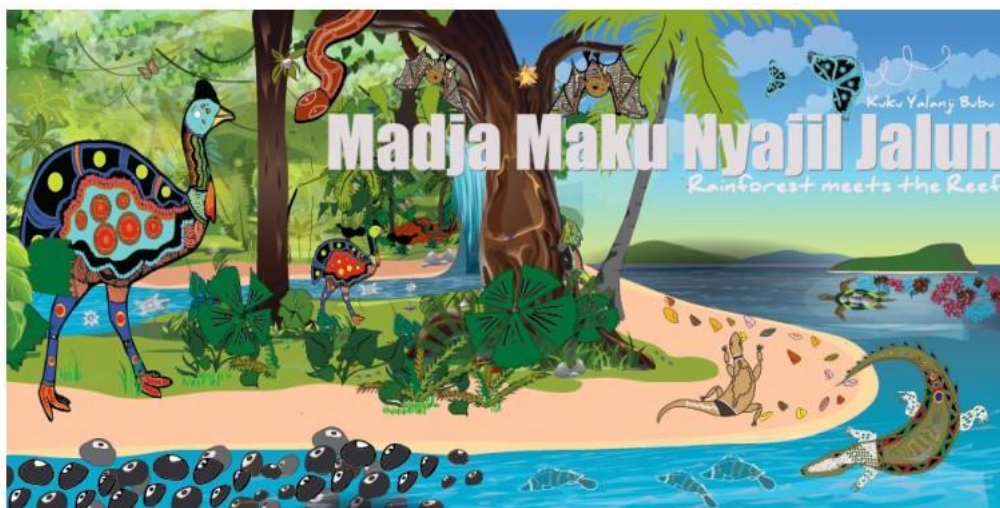
AUDIT COMMITTEE MEETING

MINUTES

Monday 15 March 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 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	Mark Stoermer
Chief Financial Officer	Tara Killeen
Manager Governance	Juanita Holden
Team Leader Financial Accounting	Joanne Nicholson
Team Leader Management Accounting	Sandeep Tut
Asset Accountant	Katie Wilkinson

Invited External Representatives

QAO – Senior Manager	Noreen Romero – Via Teams
QAO – Senior Auditor	Jessica Rossouw

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 7 December 2020 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
Appointment Letters	Prepared and sent to External Members	Yes
Indemnity Insurance	Information received from JLT and sent through to External Members	Yes
Formal Induction	To be organized with WHS Officers	To be organised
External Auditors	Meetings have been held for introductions	Yes
Internal Auditors	Meetings have been held for introductions	Yes
Workshop	Held 27/02/21 at Mossman Admin Operational Overview Governance Overview Capital Works Overview	Yes

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 GOVERNANCE REPORT

The Manager of Governance presented the Governance Report:

General Update

- Delegations Register
- Register of Interests
- Complaints Management
- Fraud and Corruption
- Annual Report
- Risk Management
- Policies and Procedures
- Legislative Compliance

Questions from the Floor:

- There are a number of outstanding policies in the first schedule presented, is there a reason for this?
 - The first schedule is the 2019-2020 Compliance listing. Have provided this as well the updated schedule for 2020-2021 and 2021-2022. Provided to show the workings over the past 18 months.

Officers Recommendation

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

Committee Decision

The Committee resolved to note the officer's recommendation.

6.2 QAO Y21 AUDIT PLAN REPORT

Noreen Romero (QAO) presented the QAO Y21 Audit Plan Report:

Audit Committee Briefing Paper

- The Audit Process
- Area of focus and proposed audit approach
- Reports to Parliament
- Other Matters of Interest

Strategic Audit Plan 2020-2023

- Background
- Audit Program 2020-23
- Audit details

Questions from the Floor:

- Will the COVID-19 impact and the substance extra testing be an ongoing concern?
 - Reported through the financial sustainability ratio.
- Will QAO undertake a detailed audit of the IT General Control and Cyber Security Internal Controls given the recent transition of IT infrastructure/systems back in-house?
 - Not at this stage. Will report back to the committee in the next financial year on the progress.
- Any issues from the previous Audit reports that you wish the Audit Committee to pay particular attention to?
 - Not at this stage. The QAO will engage and report back to the Audit Committee after each visit with the results from the visits and any areas of concerns.

Officers Recommendation

It is recommended that the Audit Committee note and receive the QAO Y21 Audit Plan Report.

Committee Decision

The Committee resolved to note the officer's recommendation.

6.3 CONFIDENTIAL REPORT – DAINTREE FERRY UPDATE

Reason for Confidentiality

That the report be deemed a confidential document and be treated as such in accordance with sections 171 and 200 (4) of the Local Government Act 2009 and that the document remains confidential unless Council decides otherwise by resolution.

The Chair acknowledge the huge work and attention that the CEO has put into this project and the efforts and support of the team.

The Chief Executive Officer presented an update on the Daintree Ferry Progress.

Questions from the Floor:

- Does the CEO need anything from the Audit Committee to provide support?
 - Not at this point
- In terms of Media Strategy and being prepared to respond proactively to media, are media statements and appropriate strategies in place?
 - Yes, and have comments available for the Media.
 - Everything will be made public as per the Local Government Act once ready.

Officers Recommendation

It is recommended that the Audit Committee note and receive the Chief Executive Officers report on the Daintree Ferry.

Committee Decision

The Committee resolve to note the officer's recommendation.

6.4 INTERNAL AUDIT PROGRESS REPORT

The Manager of Governance presented the Internal Audit Progress Update Report.

- Scope 1 – Customer Request Management
- Scope 2 – Environmental Compliance
- Scope 3 – Corporate Cards

The Customer Request Management has been completed and the draft review report is being prepared for Management response. The Environmental Compliance Audit is completed waiting on Management Comment on the draft review report. The Corporate Cards Audit is underway with officers progressing on sourcing required data.

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

Questions from the Floor:

Nil

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.

7. OTHER BUSINESS

7.1 FINANCIAL REPORT

The Chief Finance Officer presented the Financial Report.

Financial Reports:

- Finance Report for period end 31 January 2021 – Received by Council

- Finance Report for period end 28 February 2021 – Not received by Council

Questions from the Floor:

- Actual v's Budget is sitting at 32% for January and February reports. What is the understanding around if it is timing or having issues with capital expenditure or WIP?
 - The elements for Capital Grant Tier claims is arrears, therefore a timing issue
 - Will come under the capital expenditure, which will roll over next financial year
 - Corresponding Capital Grant revenue will also roll over to next year

Financial Reports:

- Revised Budget Report – Received by Council

The Chair noted that the Revised Budget has a very detailed breakdown of capital works program and can see how much work is being done in the Community, which is really great to see.

The Chief Finance Officer acknowledged the work that the Finance team have put into the revised budget and highlighted the following:

- Identified Savings
- Monitoring and keeping in check
- There may be some requests for additional wages that will come to Council in future workshops. This may have an impact on future budgets.

Questions from the Floor:

- The Long-Term Financial Sustainability (2029/30) – In terms of getting to that sustainability, at the moment something transformational will be needed long term. To continue to support the very big Capital list that Council has, what are the alternatives to getting to sustainability beyond this?
 - Council is back to where it was at de-amalgamation
 - Council has worked out of this position before as well as paying off debt
 - Council does not have debt
 - Council has considered borrowings and the figures on this. This will impact future capital works (repayments)
 - Having small increase in rates – continuing to be consistent
 - Does see if coming out into positive in Yr. 8 on the next budget
 - Continue to work on the Economic Strategy
 - Constantly trying to find sayings – Electricity, telephone services
 - Hopeful of growth in the region

The Chair thanked the Chief Financial Officer and team for the report and the information which is really helpful to the Committee. This will be a feature of the Agenda for the Audit Committee.

Officers Recommendation

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

Committee Decision

The Committee resolve to note the officer's recommendation.

7.2 OTHER

- The Risk Reporting Register to be a regular item on future agendas
- The Committee has requested that Agenda and associated reports be made available earlier
- An additional meeting to be scheduled after the June Meeting

The Chair noted that he is really please with progress. This is the second meeting and had a really full agenda today. Have managed to see the External Auditors and their Audit Plan, Internal Auditors Audit Plan, and various Financial Reports. Have had a mayor update on the big risks for Council and will continue to visit the Risk Framework and report back to the committee.

The Chair thanked all for their attendance.

8. **NEXT MEETING**

- 21 June 2021 commencing at 4:00pm at the Mossman Administration Building

9. **CLOSURE OF MEETING**

- The meeting closed at 4:46pm.

DR MARTIN FAHY
CHAIR

UNCONFIRMED