



Redland
CITY COUNCIL

MINUTES

AUDIT COMMITTEE MEETING

Monday, 9 September 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	COUNCIL FINANCIAL REPORTS.....	4
	4.1 COUNCIL DRAFT ANNUAL FINANCIAL STATEMENTS	4
5	MEETING CLOSURE	4

1 DECLARATION OF OPENING

The Chair declared the meeting open at 3.01pm.

2 RECORD OF ATTENDANCE AND APOLOGIES

Membership:

Cr M Edwards	Chairperson
Cr A Beard	Deputy Mayor
Mr V Dua	External Member
Mr P Dowling	External Member

Secretary:

Ms S Covill	Group Manager Internal Audit
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Invitees:

Mr B Lyon	Chief Executive Officer
Ms L Rusan	General Manager Community and Customer Services
Mr N Clarke	General Manager Organisational Services
Mr B Salton	Acting General Manager Infrastructure and Operational Services
Mr G Holdway	Chief Financial Officer
Ms R Lutherus	Taxation and Treasury Accountant
Mr B Worrall	Crowe Horwath - QAO Audit Representative

Minutes:

Ms J Parfitt	Corporate Meetings & Registers Team Leader
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Apologies:

Cr K Williams	Mayor
Mr G Soutar	General Manager Infrastructure and Operational Services

3 RECEIPT AND CONFIRMATION OF MINUTES

The minutes of the Audit Committee meeting of 25 June 2013 were confirmed as correct and it was noted that Item 3.1 'Business Arising from Previous Minutes' would be held over until the next full Audit Committee meeting scheduled for Monday 21 October 2013.

3.1 BUSINESS ARISING FROM PREVIOUS MINUTES

The Chair asked that any business arising from the previous minutes of this Committee be carried forward to the next scheduled Audit Committee meeting.

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.

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.

- 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.
- 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.
- 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.
- 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.

4 COUNCIL FINANCIAL REPORTS

4.1 COUNCIL DRAFT ANNUAL FINANCIAL STATEMENTS

The Chief Financial Officer presented the draft annual financial statements of Council to the Audit Committee.

[Attachment: SOCI Original Budget-Review / Budget-Actuals](#)

COMMITTEE DECISION

That the Audit Committee note the draft financial statements as presented, with the following comments by members:

- 1. Further narrative around the Allconnex reintegration figures and their meaning;**
- 2. Note 18 – further narrative and referred back to note 11;**
- 3. Note 9 – Depreciation of non-current assets – further clarification on ‘Buildings’ figures; and**
- 4. Page 34 of attachment under heading ‘Landfill Remediation’, sentence requires completion.**

5 MEETING CLOSURE

The meeting closed at 4.08pm.

2012/13 Financial Year SOCI Comparative Information

Note	2013 Revised Budget \$000	2013 Actual \$000	Variance 2013 Act v R/Budget \$000		
Recurrent revenue					
Rates, levies and charges	4(a)	191,939	190,295	(1,644)	Water consumption charges are \$1.4m under budget because actual consumption was lower than expected due to weather conditions. Summer and Autumn were much wetter than usual, so less water was consumed. Also the methodology of calculating water consumption has been reviewed to give more accurate figures. Sewerage revenue is down by \$245k to make up the rest of the under budget figure.
Fees and charges	4(b)	12,441	12,602	161	In line with revised budget expectations
Rental income	4(c)	516	438	(78)	In line with revised budget expectations
Interest received	4(d)	4,636	4,250	(386)	Fall in interest rates
Proceeds on sale developed land		0	-	-	
Sales revenue	4(e)	2,360	2,613	252	In line with revised budget expectations
Other income	4(f)	1,344	2,176	832	Main Roads assistance for \$664k for vegetation management (tree and weed management), reinstated this year. Should be coded to grants next year.
Income from associate	4(g)	66	(11)	(77)	Not material - finalisation of the WCNA's with Allconnex shareholding parties
Grants, subsidies and contributions	5(a)	6,558	8,638	2,079	The Financial Assistance Grant of \$2,560m resulted in a \$2.1m over budget result. The Grant was received prior to year end and according to accounting standards has to be brought to account as revenue when received.
Total recurrent revenue		219,861	221,001	1,140	
Capital revenue					
Grants, subsidies and contributions	5(b)	7,553	14,127	6,575	Developer contributions are \$4.6m for the year on a budget of \$1.4m. The remaining variation is made up of \$1.4m for DDA compliance on Coochiemudlo, \$590k for a Library grant, \$355
Non-cash developer contributions	5(b)	4,000	6,547	2,547	Water, Sewerage and Parks contributions are \$2.5m over budget
Increase/(decrease) in investment property		0	-	-	
Share of profit in associate company		0	-	-	
Gain on reintegration of water operations	11	48,660	200,486	151,826	
Total capital revenue		60,213	221,161	160,948	
TOTAL REVENUE		280,074	442,162	162,088	
Recurrent expenses					
Employee benefits	6	(77,594)	(78,391)	(796)	Over revised budget - terminations paid on redundancies announced in April/May 2013
Materials and services	7	(98,067)	(101,855)	(3,788)	Mainly because the end of year Landfill Remediation Provision was higher than budgeted, resulting in a variance of \$5.8m. Partly offset by a reduced provision in the Quarry Provision.
Cost of sales - developed land		0	-	-	
Finance costs	8	(4,890)	(5,814)	(924)	Landfill provision adjustments as a result of changed discount rates
Depreciation and amortisation	9	(49,314)	(50,735)	(1,421)	Primarily related to water & roads asset revaluation outcomes that were not known at Qtr 3 review
Total recurrent expenses		(229,865)	(236,795)	(6,929)	
Capital expenses					
Loss on disposal of non-current assets	10	(1,891)	(2,761)	(870)	Loss on sale of freehold land that was transferred to the State Govt and
Loss on impairment		-	-	-	
Total recurrent expenses		(1,891)	(2,761)	(870)	
TOTAL EXPENSES		(231,756)	(239,555)	(7,799)	
NET RESULT		48,317	202,607	154,289	
Other comprehensive income					
Increase/(decrease) in asset revaluation surplus	26	0	41,241	41,241	Re-valuation outcomes not known at the timing of the Q3 2012/13 Revised Budget. (7.76% index movement for QLD Roads Construction ABS - March 2013 Qtr)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		48,317	243,848	195,530	