



GLADSTONE
REGIONAL COUNCIL

**MINUTES OF A BUSINESS IMPROVEMENT
COMMITTEE MEETING OF
GLADSTONE REGIONAL COUNCIL**

**HELD AT THE GLADSTONE ADMINISTRATION
CENTRE BOARDROOM
101 GOONDOON STREET, GLADSTONE**

ON

4 MARCH 2020 COMMENCING AT 9.00AM

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PRESENT

Committee Members:

Kerry Phillips (Chairperson)
Stephen Coates
Sandra Collins
Cr Rick Hansen
Cr Kahn Goodluck

Officers:

Leisa Dowling, Chief Executive Officer
Mark Holmes, General Manager Finance, Governance & Risk
Brooke Saunders, Manager Governance
Rowena Smallcombe, Ethics, Integrity & Audit Specialist
Theunis Mienie, General Manager People Culture and Safety
John Tumbers, General Manager Operations
Anna Scott, General Manager Strategic Asset Performance
Carly Quinn, General Manager Strategy & Transformation
Mark Francis, General Manager Customer Relations
Vicky Hankinson Governance Advisor (Minutes)
Nerrilynne Taylor, Team Leader Financial Operations
Mark Dowe, Internal Auditor
Tania Brown, Manager Asset Governance
Saj Rajapaske, Strategic Asset Accountant
Aaron Cameron, Manager Works Planning & Scheduling
Brodie Reck, Team Leader Project Delivery
Shawn Cororan, Manager Health Safety and Wellbeing
Bernadette LeGrand, Senior Legal Advisor

Others in Attendance:

Julie O'Brien, QAO (via phone)
Will Fellowes, PWC (via phone)
Cr Glenn Churchill (Observer) - part
Cr Desley O'Grady (Observer)

1. COMMITTEE IN CAMERA

There were no matters to report from the Committee in Camera Session.

2. CONFIDENTIAL SESSION

2.1. CHIEF EXECUTIVE OFFICER REPORT

There were no matters to report from the Chief Executive Officer's Report.

2.1. VERBAL LEGAL REPORT

There were no matters to report from the Verbal Legal Report.

3. APOLOGIES

Cr Matt Burnett, Mayor

4. DECLARATION OF CONFLICTS OF INTEREST

Cr Hansen declared a conflict of interest as he is a Council appointed board member of the Gladstone Airport Corporation.

5. CONFIRMATION OF MINUTES

5.1. CONFIRMATION OF BUSINESS IMPROVEMENT COMMITTEE MINUTES FOR 9 DECEMBER 2019

Purpose:

Seeking confirmation of the Business Improvement Committee Meeting Minutes of the 9 December 2019.

Discussion:

Nil

Officer's Recommendation:

That the Committee confirm the Minutes of the Business Improvement Committee Meeting held on the 9 December 2019.

Decision:

Moved Stephen Coates
Seconded Cr Hansen

That the Officer recommendation be adopted.

Carried

6. BUSINESS ARISING FROM MINUTES

6.1. BUSINESS IMPROVEMENT COMMITTEE OPEN TASKS REPORT

Purpose:

Standing item to update the Committee on the Open Tasks Report.

Officer's Recommendation:

There are no open tasks to report for the March 2020 meeting.

7. NOTING PAPERS

7.1. MONTHLY FINANCIAL REPORTS FOR PERIOD ENDING 31 DECEMBER 2019

7.2. ASSET MANAGEMENT

7.3. CONTRACTS AND PROCUREMENT REPORT

7.4. ANNUAL STATUS REPORT - COUNCIL POLICIES AND CORPORATE STANDARDS

7.5. PEOPLE & CULTURE REPORT

Discussion:

Members enquired if Council's statutory policies are current and comply with legislative requirements. The Manager Governance confirmed that statutory policies are all current and within their review schedules.

In relation to the People and Culture Report, Cr Hansen commented that the current level of staffing is in excess of what was envisaged as part of the organisation redesign. The Chief Executive Officer advised that this matter will be addressed as part of future People and Culture Reports. The additional staff can be attributed to a number of factors including Council insourcing some functions that were previously contracted out and fixed term appointments associated with funding programs. There were also some comments regarding the number of vacant positions.

Decision:

Moved Cr Hansen
Seconded Cr Goodluck

That all Noting Papers be received and noted.

Carried

8. EXTERNAL AUDIT

8.1. QUEENSLAND AUDIT OFFICE BRIEFING PAPER

Purpose:

To present the Queensland Audit Office Briefing Paper.

Discussion:

There were no questions raised on the briefing paper tabled.

The Queensland Audit Office representative provided the meeting with a verbal report on two papers that were recently tabled in parliament, being:

1. Local Government Entities: 2018-19 Results of Financial Audits (Report 13: 2019-20)
2. Effectiveness of the State Penalties Enforcement Register ICT Reform (Report 10: 2019-20).

The meeting discussed a number of items of interest from the reports and members were encouraged to review them in detail. The Chair expressed appreciation for the work of the Queensland Audit Office in providing valuable support to local government. In particular, the Chair commented that it would be beneficial for Gladstone Regional Council to apply some of the findings in relation the Local Government Entities: 2018-2019 results of financial

audits report. It was also suggested that Council may wish to do some comparative analysis with other Councils using the finance comparative tool included in the report.

The meeting discussed the new accounting standard that will soon be introduced in relation to leasing arrangements and the preparatory work associated with implementing the standard. It was noted that the Queensland Audit Office has an excellent blog on the new standard which may assist Councils with assessment and implementation processes.

Cr Goodluck raised a query in relation to Council decision making on the Boyne Tannum Aquatic Centre proposal during caretaker period. Officers advised that the next report to Council on the Boyne Tannum Aquatic Centre would only be seeking Council support to proceed to the next stage of investigation. It would not be seeking a commitment to proceed with the project.

Officer's Recommendation:

That the Queensland Audit Office December 2019 Business Improvement Committee Briefing Paper be received and noted.

Decision:

Moved Stephen Coates
Seconded Sandra Collins

That the Officer recommendation be adopted.

Carried

8.2. EXTERNAL AUDIT - UPDATE AND CLIENT STRATEGY

Purpose:

Update from External Audit – PWC.

Discussion:

External audit worked through the Briefing Paper with the Committee highlighting key issues of note. The primary issue of discussion related to asset valuation and the Chair queried whether external audit would support a proposed shift to a cost method valuation process rather than Council undertaking a comprehensive revaluation of its park furniture and other structures (PFOS). External audit confirmed that they would be happy to explore and work with Council on alternative valuation opportunities. Provided that the necessary considerations are made throughout and as long as the right considerations are given from a technical perspective and the necessary changes made to the accounting policies from a financial disclosure perspective External Audit cannot foresee any issues with a cost method valuation process. The meeting noted that Council Officers will investigate the matter further in conjunction with the Chair and external audit.

Officer's Recommendation:

That the update from External Representatives PWC be received and the client strategy be noted.

Decision:

Moved Sandra Collins
Seconded Stephen Coates

That the Officer recommendation be adopted.

Carried

9. COMPLIANCE AND ASSURANCE ACTIVITIES

9.1. PROGRESS ON AUDIT AND COMPLIANCE ACTIVITIES

Purpose:

Progress report on Ethics, Integrity and Audit activities.

Discussion:

The meeting worked through the list of audit projects that were removed from the audit plans following Executive Team and other stakeholder consultation. Members sought more information on the background to why those audits were removed. Members were satisfied with the responses provided, with the exception of the credit card utilisation audit. It was suggested that there would be benefit in retaining this audit in the three year program given the changes that the business is proposing in relation to the software platform and associated processing of transactions. Given the fraud and reputational risks it was agreed that the audit should be retained but in the third year of the program.

The meeting also discussed audit of the safety management system and members sought clarity on whether Council would be subject to an external audit by insurers in the coming months. Officers advised that at this stage, there is no certainty that the insurers will audit Council in the coming months. Officers have been liaising with its insurers and they are comfortable that the business is making the required changes and improvements needed to its safety framework. The business is far better prepared than it was in 2017 for an audit should Gladstone Regional Council be randomly selected for audit in the coming months. The General Manager People Culture and Safety briefed members on the work that has been undertaken to ensure that the business has a clear direction on the work to be done in the short to medium term and the assignment of the priority of work to responsible officers. The meeting noted that the Executive Team has recently completed its due diligence training and the new safety management incident reporting system is providing more comprehensive and timely information on both incidents and hazards. Members commented that they have a higher level of assurance than they have had previously, that the organisation is progressing well and improving its safety performance.

Members also made a number of other enquiries regarding items included in the report and were satisfied with the responses provided. The Chair requested that Officers refrain from using acronyms in future reports as they are not always understood by those external to the organisation.

The meeting was provided with a comprehensive briefing on the biosolids waste management matter. Members also made enquiries on whether the business provides proactive updates to the Department Environment and Science. It was confirmed that officers are in regular contact with the Department Environment and Science particularly where some actions may take longer than originally estimated.

The Chair requested that Officers provide more detail in future reports regarding why due dates on open audit actions are extended.

Officer's Recommendation:

That:

- the progress report for internal audit including a summary of recommendations, a summary of actions taken, and a summary of actions not taken by Council in response to recommendations be received and noted.

- Update on Compliance and Audit activities, including progress of the implementation of the internal audit plan be received and noted.

Decision:

Moved Kerry Phillips
Seconded Cr Hansen

That:

- the progress report for internal audit including a summary of recommendations, a summary of actions taken, and a summary of actions not taken by Council in response to recommendations be received and noted.
- the update on Compliance and Audit activities, including progress of the implementation of the internal audit plan be received and noted, subject to an amendment to the three yearly audit plan to include a credit card utilisation internal audit in the third year.

Carried

9.2. INTERNAL AUDITS

Purpose:

Presentation of internal audit and compliance assurance projects undertaken since the last Business Improvement Committee meeting.

Discussion:

Members commended the business on the quality of the audits presented which the Chair considered reflects the comprehensive briefing, information and insights that officers, led by the Ethics, Integrity and Audit Specialist invested with the contract provider.

The following feedback was provided for officer consideration:

1. It was suggested that there may be benefit in officers reconsidering the recommendation in the delegations' report regarding the assessment and monitoring of high-risk delegations.
2. In relation to the Cyber Security Audit, members considered that the medium risk rating assigned to Cyber Security IR planning, Legislative Compliance and Maturity of Capabilities may be a high risk given the minimal controls currently in place.
3. In relation to the delegations report, it was suggested that it may be appropriate for Council to give some consideration to the management of Councillor responses to social media posts.

Officer's Recommendation:

That the report on the internal audit and assurance projects undertaken since the last committee meeting be received.

Decision:

Moved Cr Hansen
Seconded Cr Goodluck

That the Officer recommendation be adopted.

Carried

9.3. BUSINESS IMPROVEMENT COMMITTEE SELF-ASSESSMENT AND COUNCILLOR SURVEY RESULTS

Purpose:

Presentation of the results of the Business Improvement Committee Self-Assessment and Councillor surveys.

Discussion:

The meeting worked through the survey results with no significant issues of concern. Members discussed a number of matters arising out of the survey including:

1. The order of agenda papers
2. The timing of meetings including informal briefings to Council
3. The lack of general understanding within the business on the role of the Committee. It was suggested that the Committee may benefit from a name change that is more reflective of its role and responsibilities (for example: the Audit, Risk and Improvement Committee). It was also agreed that it is important to include in Councillor and Staff inductions an overview of the role and purpose of the Committee. There was support for the suggestion that Council's Management Team be provided with some internal training / briefing on the Committee.

Officer's Recommendation:

That the result of the Business Improvement Committee Self-Assessment and Councillor surveys be received and noted.

Decision:

Moved Cr Goodluck
Seconded Stephen Coates

That the Officer recommendation be adopted.

Carried

9.4. ANNUAL REVIEW OF COMMITTEE'S RESPONSIBILITIES AGAINST THE POLICY

Purpose:

Business Improvement Committee annual confirmation that all responsibilities outlined in the Business Improvement Committee Policy have been carried out.

Discussion:

It was noted that the Committee has not conducted a review of the full risk register in this workplan term, however, it was agreed that there has been an appropriate level of oversight on risk management activities and quarterly reviews.

Officer's Recommendation:

That the Business Improvement Committee confirm that the responsibilities outlined in the Business Improvement Committee Policy have been carried out for the period April 2019 to March 2020.

Decision:

Moved Stephen Coates
Seconded Cr Hansen

That the Business Improvement Committee confirm that the responsibilities outlined in the Business Improvement Committee Policy have been carried out for the period April 2019 to March 2020 noting that the review of the full risk register was only partially completed.

Carried

9.5. BUSINESS IMPROVEMENT COMMITTEE WORKPLAN 2020/2021

Purpose:

Presentation of the draft Business Improvement Committee Workplan for 2020/2021 for consideration.

Discussion:

The Committee discussed the internal control assurance statements that General Managers have previously provided to the Committee. It was agreed that there is benefit in retaining statements of this type and extending the process to Manager level. It was further agreed that the process needs to be more robust and be supported by detailed checklists. Sign-offs need to take into consideration any open audit matters that have not been addressed at the time of sign-off. Improvements in this process may be best established via a workshop with Managers and General Managers.

Officers sought Committee direction on whether there is benefit in continuing to receive a report on the currency of Council's Policies and Corporate Standards. Members advised they would like to continue to receive this report annually, particularly advice on whether Council's statutory policies are current and compliant with legislative requirements.

There was discussion on the reporting of emerging risks and it was generally agreed that the verbal report from the Chief Executive Officer and the legal briefing currently address this issue.

The Chair suggested that the Committee bring forward the annual Chair's report to Council to the December meeting which follows the sign-off on the financial statements. This will ensure that Council receives a more timely report on the Committee's oversight of the financials. It was also agreed that the Chair provide a short report to the Committee at its September meeting for inclusion in the Council's Annual Report.

Officer's Recommendation:

That the Business Improvement Committee Workplan for 2020/2021 be endorsed, subject to amendments arising from discussion.

Decision:

Moved Stephen Coates
Seconded Kerry Phillips

That the Officer recommendation be adopted.

Carried

9.6. INTERNAL AUDIT PLAN FOR 2020/2021 AND THREE YEAR INTERNAL AUDIT PLAN

Purpose:

Business Improvement Committee consideration of the 2020/2021 and three year internal audit plan – including resource and budget consideration.

Discussion:

In accordance with discussion on item 9.1, it was noted that a Credit Card Internal Audit will be included in the third year of the three-year plan.

It was also suggested that internal audit resources be expressed in terms of full-time equivalent persons.

Officer's Recommendation:

That the Business Improvement Committee consider the draft 2020/2023 Internal Audit plan and related supporting material and subject to amendments discussed in the meeting endorse the draft plan.

Decision:

Moved Kerry Phillips
Seconded Sandra Collins

That the Officer recommendation be adopted.

Carried

10. ASSET MANAGEMENT

10.1. ASSET VALUATIONS REPORT

Purpose:

To provide the Business Improvement Committee with the proposed methodology for valuation of Council's non-current assets for 2019/2020 financial statements.

Discussion:

The Committee sought advice on whether the comprehensive revaluation would be completed by the target date of 31 May 2020. Officers provided assurance that the project was on track and it is anticipated to be completed by the end of April or mid-May 2020. Additional enquiries were also made in relation to:

- the cost of valuation services (\$400,000) and whether the costs related to one financial year or whether that cost would be spread over two or more years; and
- the anticipated 10% difference between the asset register and the mapping system.

Members were satisfied with the officer responses provided.

Officer's Recommendation:

It is recommended that the report be noted.

Decision:

Moved Cr Goodluck
Seconded Stephen Coates

That the Officer recommendation be adopted.

Carried

11. OFFICER'S REPORTS

11.1. CAPITAL PROGRAM REPORT

Purpose:

The purpose of this report is to update the committee on the progress of the Capital Works Program.

Discussion:

The committee commended staff on the quality and comprehensiveness of the report tabled. Members raised a number of issues for further discussion with officers, including:

- Factors influencing cost variances.
- Source of delays in the delivery of the full capital works program
- Improvements being actioned relating to planning, budgeting and delivery of projects
- Strategies in place to address the interim risks associated with infrastructure until the final delivery of projects
- Sourcing appropriately qualified and experienced project managers
- Proactive communication processes in place to keep the Department Environment and Science informed of progress on those matters that have environmental impacts.

Officer's Recommendation:

It is recommended that the Business Improvement Committee accept this Capital Program Report as received and noted.

Decision:

Moved Sandra Collins
Seconded Cr Hansen

That the Officer recommendation be adopted.

Carried

11.2. WORK HEALTH AND SAFETY ANNUAL REPORT 2019

Purpose:

This report is produced for measuring Council's Work Health and Safety Management System performance for the reporting period of 2019 (calendar year). It encompasses overall performance levels, identifies emerging issues and highlights areas pertinent to improvement. From this, the 2020 safety objectives can be established simultaneously with our Corporate Goals.

Discussion:

The committee held a general discussion on relevant issues including the business's reporting culture, the challenges and achievements during the last 12 months, the improvements in the reporting and timeliness of information being made available to key areas of the organisation. There was some discussion on Lost Time Injuries and the significant improvement in this area from 2018. The Committee requested that for future reports that there be a breakdown of the types of incidents that are making up the lost time injury statistic. The Committee was very encouraged by the progress and improvements being made in safety.

Officer's Recommendation:

That the report be received.

Decision:

Moved Cr Goodluck
Seconded Stephen Coates

That the Officer recommendation be adopted.

Carried

11.3. BUSINESS IMPROVEMENT COMMITTEE MEETING DATES 2020

Purpose:

To re-consider and determine dates for the Business Improvement Committee meetings for the remainder of 2020.

Discussion:

Stephen Coates and Sandra Collins advised that they would not be available to attend a proposed 2 December 2020 meeting. It was agreed that the meeting remain on the 9 December 2020. Members noted that the Chief Executive Officer will be unable to attend the September and December meetings of the Committee. The Committee was comfortable with the Acting Chief Executive Officer attending these meetings on behalf of the Chief Executive Officer.

Officer's Recommendation:

That the Business Improvement Committee determine the remainder of dates for 2020.

Decision:

Moved Sandra Collins
Seconded Kerry Phillips

That the meeting dates for the Committee for the remainder of 2020 be scheduled as follows:

- Wednesday 24 June 2020
- Wednesday 30 September 2020; and
- Wednesday 9 December 2020.

Carried

12. SELF-DEVELOPMENT

The Chair advised that she had attended a Cyber Security presentation provided by Pure Security which she highly recommended. The presentation will be made available to all Certified Practising Accountants through their professional membership body. It was suggested that Council may wish to include some of the content in its presentations to staff. The presentation included valuable advice for individuals on minimising cyber security threats on personal devices.

Sandra Collins reported that she had recently participated in a professional development opportunity on fatal risk management and suggested that it would be a worthwhile inclusion for Council representatives training.

13. COUNCIL REFERRALS

There were no Council referrals.

14. GENERAL BUSINESS

There were no general business items raised.

15. CLOSED SESSION - AUDIT REPRESENTATIVES

There were no items to report on from the closed session.

THE MEETING CLOSED AT 1.25PM

I hereby confirm that I have read the minutes and they are a true and correct record of the proceedings of the meeting. I certify that these 15 pages form the official copy of the Gladstone Regional Council Business Improvement Committee Meeting Minutes of the 4 March 2020.

.....
Kerry Phillips (Chairperson)

...../...../.....
Date