



MINUTES OF AN AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING OF
GLADSTONE REGIONAL COUNCIL

HELD AT THE GLADSTONE ENTERTAINMENT CONVENTION CENTRE
56 GOONDOON STREET, GLADSTONE

ON **24 JUNE 2020** COMMENCING AT **9:00AM**

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PRESENT

Committee Members:

Kerry Phillips (Chairperson)
Stephen Coates
Sandra Collins
Cr Desley O'Grady
Cr Kahn Goodluck

Officers:

Leisa Dowling, Chief Executive Officer
Mark Holmes, General Manager Finance, Governance & Risk
Tanya Whalley, Manager Governance
Ashlyn Chalker, 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
Nerrilynn Taylor, Team Leader Financial Operations
Jessica Rossow, Statutory Accountant
Tania Brown, Manager Asset Governance
Bernadette LeGrand, Senior Legal Advisor
Millicent Bradley Woods, Legal Advisor
Channa Jayasinha, Manager Strategic Information Communications and Technology
Kristie Wockner, Manager Contracts and Procurement
Carly Daly (Minutes)

Others in Attendance:

John Skilling, PWC (via Teams)
Will Fellowes, PWC (via Teams)
Michael Claydon, QAO (via Teams)
Mayor Matt Burnett (via Teams) - part
Cr Natalia Muszkat (via Teams)
Cr Rick Hansen

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.

2.2. LEGAL REPORT

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

3. APOLOGIES

Nil

4. DECLARATION OF CONFLICTS OF INTEREST

Cr Desley O'Grady declared a Conflict of Interest in Agenda Item 8.1 Monthly Financial Statements for Period Ending 28 April 2020 as the report for this Item refers to the Boyne Burnett Inland Rail Trail and Cr O'Grady was the interim chair of the Boyne Burnett Inland Rail Trail Group for a period of 7 months and holds the position of Patron for the Boyne Burnett Inland Rail Trail Group.

Given the nature of Agenda Item 8.1 being an update on the Financial Statements for period ending 28 April 2020, Cr O'Grady elected to remain in the room for Agenda Item 8.1.

5. CONFIRMATION OF MINUTES

5.1. CONFIRMATION OF BUSINESS IMPROVEMENT COMMITTEE MINUTES FOR 4 MARCH 2020

Purpose:

Seeking confirmation of the Audit Risk and Improvement Committee Meeting Minutes of 4 March 2020.

Discussion:

Nil.

Officer's Recommendation:

That the Committee confirm the Minutes of the Audit Risk and Improvement Committee Meeting held on the 4 March 2020.

Decision:

Moved Stephen Coates
Seconded Sandra Collin

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:

That the Committee receive and note the Open Tasks Report.

Discussion:

Sandra Collins raised Item number 11 in the Open Tasks Report and suggested that recordable injuries and lost time injuries that require medical treatment should be reported on to the Audit Risk and Improvement Committee.

Decision:

Moved Stephen Coates
Seconded Cr Goodluck

That the Officer's recommendation be adopted.

CARRIED

7. NOTING PAPERS

7.1. 2019/20 FINANCIAL STATEMENT PREPARATION TIMELINE

7.2. CONTRACTS AND PROCUREMENT REPORT

Discussion:

The Committee requested that the calendar invitations for the Audit Risk and Improvement Committee be updated to reflect the agreed dates and name change.

It was confirmed that the final draft for Financial Statements will be distributed to External Auditors on the 13 September 2020.

It was noted that the Contracts and Procurement Team are still unable to capture local content for contracts and purchases under \$15,000. There was some discussion around processing of invoices and commitments particularly with the end of year approaching.

The Committee noted their satisfaction with the report and the Chair offered to provide the Contracts and Procurement Team with details of another Council with which the team could collaborate.

Decision:

Moved Stephen Coates
Seconded Cr O'Grady

That all Noting Papers be received and noted.

CARRIED

8. COMPLIANCE AND ASSURANCE ACTIVITIES

8.1. PROGRESS REPORT ON COMPLIANCE AND AUDIT RECOMMENDATIONS

Purpose:

To provide an update on the progress of Ethics, Integrity and Audit activities.

Discussion:

The Committee discussed the outstanding audit actions noting that the total number of actions is similar to that presented at the last meeting. The business needs to drive down this number and it was suggested that some level of risk management needs to be applied in managing the overdue audit actions.

It was noted that the responsibility lies on the Chief Executive Officer and the General Managers to influence change within the business and reduce outstanding audit actions, particularly those overdue.

The recent successful phishing attempt was discussed by the Committee and it was noted that measures have been put in place to make staff more aware including amendments to the orientation session for employees, fraud awareness messaging on computer backgrounds, ICT training sessions and an ELMO course.

Officer's Recommendation:

That:

1. The progress report for the internal audit including a summary of recommendations and a summary of actions taken and actions not taken by Council in response to recommendations be received and noted.
2. The update on Compliance and Audit activities be received and noted.
3. The Committee make a recommendation to Council that the Business Improvement Committee Policy be reviewed prior to the Review Date of 4 December 2021.

Decision:

Moved Sandra Collins
Seconded Cr O'Grady

That the Officer's Recommendation be adopted.

CARRIED

9. EXTERNAL AUDIT

9.1. QUEENSLAND AUDIT OFFICE BRIEFING PAPER

Purpose:

Queensland Audit Office and External Service Provider Update to the Committee

Discussion:

Three key areas of focus were highlighted: asset valuation; the new accounting standards and the investment in the Gladstone Airport.

Officer's Recommendation:

That the Queensland Audit Office *Gladstone Regional Council 2020 Interim report to the Mayor* dated 10 June 2020 and Audit Risk and Improvement Briefing Paper dated 24 June 2020 be received and noted.

Decision:

Moved Stephen Coates
Seconded Sandra Collins

That the Officer's Recommendation be adopted.

CARRIED

10. FINANCE REPORTS

10.1. MONTHLY FINANCIAL STATEMENTS FOR PERIOD ENDING 28 APRIL 2020

Purpose:

To provide the Audit Risk and Improvement Committee with the Monthly Financial Reports for Period ending 28 April 2020 that were presented to Council on 19 May 2020.

Discussion:

The meeting discussed the extended support package to help businesses during the COVID-19 health emergency.

The Capital Works program was discussed and the need to have a strong pipeline (of design projects) so that there are shovel ready projects for the following year which will allow budget targets to be achieved. The Chair noted that it is best practice to have the design and concept work two years in advance. The Committee was advised that a current list of shovel ready projects has been pulled together, met funding criteria and are ready to go ahead. The Committee recommended that officers revisit the allocated capital budget to rethink priorities, consider what is achievable and to take advantage of funding.

With respect to the monthly financial statements presented to Council, the Committee noted that it would be helpful if a list of councillor comments from the General Meetings could be included in the financial report presented to the committee.

There was discussion about the fees and charges and it was noted that the significant reduction in waste charges was due to Rockhampton Regional Council undercutting Council with cheaper waste fees. Council has now adjusted its fees. An increase to employee benefits and headcount was noted as a result of the liquidation of Rabco. Cr O'Grady commended the team on the smooth transitioning of on boarding the ex Rabco employees.

Officer's Recommendation:

That the Committee note the Monthly Financial Reports for Period ending 28 April 2020.

Decision:

That the Committee note the Monthly Financial Reports for Period ending 28 April 2020 and that the Quarter 3 Capital Report be distributed to the Committee.

Moved Stephen Coates
Seconded Cr Goodluck

CARRIED

10.2. FINANCIAL STATEMENT PREPARATION MATURITY MODEL

Purpose:

To provide the Audit Risk and Improvement Committee with Gladstone Regional Council's self assessment maturity model results and analysis for their consideration and feedback.

Discussion:

The Chair commended the Financial Operations team on their reporting of the Financial Statement Preparation Maturity Model. The questionnaire was well detailed and brings to life and underpins the particular result.

Discussion was held around the intent of the framework and it is believed Queensland Audit Offices perspective would see Council as a developing organisation. The Committee was surprised to understand that Council are not reporting monthly accruals.

Officer's Recommendation:

That the Audit Risk and Improvement Committee note the report.

Decision:

Moved Cr Goodluck
Seconded Cr O'Grady

That the Officer's Recommendation be adopted.

CARRIED

11. ASSET MANAGEMENT

11.1. ASSET MANAGEMENT

Purpose:

To provide an update on Council's asset management activities including a summary of the current status of Council's asset data and future data improvement actions.

Discussion:

It was noted that Council appears to be falling behind on data projects. Manager Asset Governance advised the Committee that the due dates may need to be reassessed as they are showing as overdue when they should not be.

Officer's Recommendation:

It is recommended that the update be noted.

Decision:

Moved Stephen Coates

Seconded Sandra Collins

That the Officer's Recommendation be adopted.

CARRIED

12. OFFICER'S REPORTS

12.1. STRATEGIC INFORMATION, COMMUNICATION AND TECHNOLOGY (SICT) QUARTERLY REPORT

Purpose:

The purpose of this report is to provide the Committee with a quarterly update on work managed by Strategic Information, Communications and Technology (SICT).

Discussion:

The Committee discussed the REIACS Project (Beakon). It was noted that Beakon covers a range of modules including a Contractor Management module that went live on 8 June 2020. The Committee acknowledged that there is further work to be done on the system before the remaining modules go live. The Committee was advised that it was anticipated that the project would be completed over the next six months.

Officer's Recommendation:

Note quarterly update and dashboard provided.

Decision:

Moved Cr O'Grady
Seconded Cr Goodluck

That the Officer's Recommendation be adopted.

CARRIED

12.2. RISK MANAGEMENT QUARTERLY UPDATE

Purpose:

To update the Audit Risk and Improvement Committee on the development of the Risk Management Framework and provide a summary of the quarterly risk reviews for the period ending 31 June 2020.

Discussion:

The Committee discussed the Corporate Risk Register and it was noted that it would be beneficial to include the non-delivery of the Capital Program as a risk as well as risks associated with emerging international conflict (restrictions on trade, cyber attacks).

The Committee acknowledged the Draft Risk Management Policy and Risk Management Framework Corporate Standard that the Committee members received via email. There was insufficient time for the Committee to review the Policy and Corporate Standard and it was agreed that an out of session workshop would be arranged for the Committee to provide feedback on the Policy and Corporate Standard.

Officer's Recommendation:

That the report be noted.

Decision:

Moved Stephen Coates
Seconded Sandra Collins

That the report be noted and that arrangements be made for an out of session workshop for the Committee review the Draft Risk Management Policy and Corporate Standard and provide feedback.

CARRIED

12.3. PEOPLE AND CULTURE REPORT

Purpose:

The purpose of this report is to provide the Committee with an update of the People and Culture statistics and activities.

Discussion:

The Committee discussed relief to the community during COVID and it was acknowledged that the Council has established economic and community recovery groups.

The Committee also discussed arrangements put in place to support staff during COVID and for the anticipated return to the office by 13 July 2020. The Committee was informed that applications for working from home on a permanent basis would be considered on a case by case basis but it was anticipated that at least 80% of the workforce would return to the office. It was noted that the business will need to continue to adapt to the pandemic.

The Committee recommended that Council implement reporting on compliance with training. General Management for People Culture and Safety advised the Committee that he will investigate further and provide an update at the next meeting.

The Committee discussed the excess leave and noted that Council were taking steps to reduce excess leave with a goal to halve the amount of employees with over 304 hours or 8 weeks equivalent of leave.

Officer's Recommendation:

That the People and Culture update report be received and noted.

Decision:

Moved Cr O'Grady
Seconded Cr Goodluck

That the Officer's recommendation be adopted.

CARRIED

12.4. HEALTH SAFETY AND WELLBEING QUARTERLY REPORT

Purpose:

The purpose of this report is to provide the Committee with an update on the Health Safety and Wellbeing (HSW) KPIs and trends.

Discussion:

The Committee requested that additional information be provided on the reported medical injuries, particularly the extent of the injuries. Officers informed the Committee that one of the recorded injuries involved a concussion of a contractor on the Phillip Street Project Site. Further, a fracture was recorded as a medical treatment, although this is believed to be from a previous incident. A potential lost time injury maybe recorded as an employee sustained an ankle injury on a Council staircase. The employee's doctor had provided a return to work program on light duties but the employee had commenced planned leave.

The Committee were further advised that contractor incidents are not currently being recorded in our workplace injury statistics. Council's average return to work time is 12 days which is comparatively better than neighbouring councils together with reduced claims this has resulted in a cost saving in Council's insurance.

Cr O'Grady requested that in the future a report be provided showing the statistics as a comparison to previous years.

Officer's Recommendation:

That the Health Safety and Wellbeing report be received and noted.

Decision:

Moved Stephen Coates
Seconded Sandra Collins

That the Officer's Recommendation be adopted.

CARRIED

12.5. VERBAL REPORT ON RESPONSE TO THE COVID-19

Purpose:

To provide the Committee with an outline of Council's response to the COVID-19 pandemic including progress on Business Continuity Planning within the business.

Discussion:

John Tumbers provided the Committee with an update on activities relating to the Business Continuity Plan (BCP). The Committee was advised that the BCP was written by internal staff and includes a four point action plan.

The first priority was to enable employees to working safety from home and the team engaged with all level 3 leaders across the organisation to ensure business continuity. The net priority was to determine Council's response in the event of a confirmed case of COVID within the region.

Council followed the Chief Health Officer's Home Confinement Direction and the organisation was able over a short period of time provide 400 remote licenses to support employees to work from home. A Stay Connected Hub was also established to assist leaders to support staff working from home.

The Chair noted that in other organisations there has been lower productivity rates where call centre staff are working virtually and that it is pleasing to know that Council's Customer Solutions team were able to effectively work from home. Arrangements were also made to support the outside workforce (e.g. going directly home rather than via a depot) which in some instances resulted in increased productivity and other Councils are considering making this standard practice.

The Committee raised that all Business Continuity Planning documentation should be recorded no matter what the format. Members queried who in the organisation had the task of updating the crisis management plan and recording the lessons learnt from the BCP process as this will assist future BCP/Crisis activities.

Officer's Recommendation:

That the verbal report be received and noted.

Decision:

Moved Kerry Phillips
Seconded Stephen Coates

That the Officer's Recommendation be adopted.

CARRIED

13. SELF-DEVELOPMENT

Cr O'Grady attended an online training session and advised it was a great learning session.

The Chair attended the Queensland Audit Office Live Stream Briefing for Audit Committee Chairs which included a QAO update and discussed key focus areas relating to COVID. The presentation is available on the QAO's website.

Stephen Coates attended an Audit Chair Forum that discussed impacts of COVID-19 and focused on moving forward.

Sandra Collins advised she has been a member on an emergency management team for a private company working through the COVID-19 health emergency.

14. COUNCIL REFERRALS

Nil.

15. GENERAL BUSINESS

Proforma Financial Statements and Position Papers - Chair Review

Discussion:

Michael Claydon from the Queensland Audit Office advised that there has not been a final position determined for the Roads to Recovery Grant. He advised that he would follow this up and provide advice to the relevant officer.

Shell Statements

It was noted that three new standards commence as at 30 June 2020.

The Chair advised that from reviewing the statements, it was unclear if indexation has been considered and requested that the team review this within the statements.

There was discussion on the extensive accounting notes and reserve accounting. John Skilling of Queensland Audit Office advised the Committee that standard practice is to not practice reserve accounting. John Skilling noted that he would undertake a review of the performas.

Officer's Recommendation:

That the Committee note and provide feedback regarding the Performa statements.

Decision:

Moved Kerry Phillips
Seconded Sandra Coates

That the Officer's Recommendation be adopted.

CARRIED

16. CLOSED SESSION - AUDIT REPRESENTATIVES

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

THE MEETING CLOSED AT 1.21PM

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 Audit Risk and Improvement Committee Meeting Minutes of the 24 June 2020.

.....
Kerry Phillips (Chairperson)

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