



GLADSTONE REGIONAL COUNCIL

MINUTES OF AN AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING OF

GLADSTONE REGIONAL COUNCIL

HELD AT THE COUNCIL CHAMBERS – CIVIC CENTRE BOARDROOM
101 GOONDOON STREET, GLADSTONE

ON WEDNESDAY 15 JUNE 2022 COMMENCING AT 9:00AM

Table of Contents

ITEM	PAGE
1. COMMITTEE IN CAMERA	5
7. GLADSTONE AIRPORT CORPORATION PRESENTATION	6
2. CONFIDENTIAL SESSION	7
2.1. CHIEF EXECUTIVE OFFICER REPORT.....	7
2.2. LEGAL REPORT	7
3. APOLOGIES	7
4. DECLARATION OF CONFLICTS OF INTEREST	7
5. CONFIRMATION OF MINUTES	8
5.1. CONFIRMATION OF AUDIT RISK AND IMPROVEMENT COMMITTEE MINUTES FOR 16 MARCH 2022	8
6. BUSINESS ARISING FROM MINUTES	9
6.1. AUDIT RISK AND IMPROVEMENT COMMITTEE OPEN TASKS REPORT	9
8. NOTING PAPERS	10
8.1. ASSET MANAGEMENT	10
8.2. INFORMATION COMMUNICATION TECHNOLOGY UPDATE MAY 2022	11
8.3. ENVIRONMENT REPORT	12
8.4. CONTRACTS AND PROCUREMENT REPORT.....	13
8.5. PEOPLE CULTURE SAFETY QUARTERLY REPORT	14
8.6. RISK REPORT	16
8.7. INSURANCE REPORT.....	17
13.1. ANNUAL REPORT ON STATUS OF COUNCIL POLICIES AND CORPORATE STANDARDS	18
9. EXTERNAL AUDIT	19
9.1. QUEENSLAND AUDIT OFFICE BRIEFING PAPER.....	19

9.2. INTERIM MANAGEMENT LETTER AND REPORT	20
10. INTERNAL AUDIT	21
10.1. ANNUAL REVIEW OF COMMITTEE'S RESPONSIBILITIES AGAINST THE POLICY	21
10.2. ETHICS INTEGRITY AND AUDIT PROGRESS REPORT	22
10.3. INTERNAL AUDIT	23
10.4. INTERNAL AUDIT PLAN 2022/2023 AND THREE YEAR INTERNAL AUDIT PLAN	24
11. FINANCE REPORTS.....	25
11.1. FINANCIAL STATEMENT PREPARATION TIMELINE.....	25
11.2. PRIOR PERIOD FINANCIAL STATEMENTS	26
11.3. DRAFT PROFORMA FINANCIAL STATEMENTS	27
11.4. CLOUD COMPUTING ACCOUNTING TREATMENT POSITION PAPER	28
11.5. 2022/23 BUDGET UPDATE	29
12. ASSET MANAGEMENT	30
12.1. STRATEGIC ASSET PERFORMANCE VALUATION METHODOLOGY	30
13. OFFICER'S REPORTS	31
13.2. WORKS DELIVERY UPDATE	31
14. SELF-DEVELOPMENT.....	32
15. COUNCIL REFERRALS	32
16. GENERAL BUSINESS	32
17. CLOSED SESSION - AUDIT REPRESENTATIVES	32

PRESENT

Kerry Phillips (Chairperson)
Sandra Collins
Stephen Coates
Cr Desley O'Grady (via teams)
Cr Natalia Muszkat

Officers:

Leisa Dowling, Chief Executive Officer
Mark Holmes, General Manager Finance Governance and Risk
Theunis Mienie, General Manager People Culture and Safety (via teams)
John Tumbers, General Manager Operations
Carly Quinn, General Manager Strategy and Transformation
Ashlyn Chalker, Principal Internal Auditor, Acting
Tanya Whalley, Manager Governance and Risk
Rachael Millett, Executive Secretary
Nerrilyne Taylor, Team Leader Financial Operations
Andre Dookoo, Statutory Accountant
Tim Howarth, Manager Information Communications and Technology (via teams)
Sue-Ellen Howie, Transformation Lead, Acting
Sajeewa Rajapakse, Manager Asset Governance, Acting
Celisa Faulkner, Manager Asset Planning
Rob Burge, Asset Maintenance Project Lead

Others in Attendance:

Steven Bosiljevac, PwC (via teams)
John Skilling, PwC
Mansheel Kumar, PwC (via teams)
Dale Hassell, QAO (via teams)
Cr Chris Cameron
Cr Rick Hansen

1. COMMITTEE IN CAMERA

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

7. GLADSTONE AIRPORT CORPORATION PRESENTATION

Responsible Officer: General Manager Finance Governance and Risk

Audit Risk and Improvement Committee Meeting: 15 June 2022

File Ref: CM7.6

Estimated Duration: 20 minutes

Purpose:

A presentation to the Audit Risk and Improvement Committee will be held by Gladstone Airport Corporation (GAC) presenting its shareholder presentation for the financial year 2022 for quarter 3 in accordance with the Statement of Corporate Intent.

Officer's Recommendation:

That the presentation from Gladstone Airport Corporation be received.

Discussion:

An overview of the report was provided by the Gladstone Airport Corporation (GAC). It was noted that there have been major improvements in passenger numbers for GAC and that the forecast for financial year 2022/23 is positive. It was noted that there has been a delay with Bonza airlines commencing due to plane and pilot availability and that it is anticipated that Bonza will be operating in September 2022.

A discussion was held regarding the price point difference when flying out of Gladstone compared with flying out of Rockhampton and it was noted that GAC's relationship with the airlines is very strong which enabled GAC to negotiate a strong price point and demonstrates the airlines commitment to Gladstone.

Decision:

Moved Kerry Phillips
Seconded Stephen Coates

That the Officers recommendation be adopted.

CARRIED

2. CONFIDENTIAL SESSION

2.1. CHIEF EXECUTIVE OFFICER REPORT

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

2.2. LEGAL REPORT

There were no matters to report from the Legal Report.

3. APOLOGIES

Cr Kahn Goodluck

4. DECLARATION OF CONFLICTS OF INTEREST

Nil

5. CONFIRMATION OF MINUTES

5.1. CONFIRMATION OF AUDIT RISK AND IMPROVEMENT COMMITTEE MINUTES FOR 16 MARCH 2022

Responsible Officer: Chief Executive Officer

Audit Risk and Improvement Committee Meeting: 15 June 2022

File Ref: CM7.2

Purpose:

Seeking confirmation of the Audit Risk and Improvement Committee Meeting Minutes of the 16 March 2022.

Officer's Recommendation to the Business Improvement Committee:

That the Committee confirm the Minutes of the Audit Risk and Improvement Committee Meeting held on the 16 March 2022.

Discussion:

Nil

Decision:

Moved Sandra Collins
Seconded Kerry Phillips

That the Officers recommendation be adopted.

CARRIED

6. BUSINESS ARISING FROM MINUTES

6.1. AUDIT RISK AND IMPROVEMENT COMMITTEE OPEN TASKS REPORT

Responsible Officer: General Manager Finance Governance and Risk

Audit Risk and Improvement Committee Meeting: 15 June 2022

File Ref: CM7.2

Estimated Duration: 5 mins

Purpose:

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

Officer's Recommendation:

That the Committee note and receive the Open Tasks Report.

Discussion:

Nil

Decision:

Moved Kerry Phillips
Seconded Sandra Collins

That the Officers recommendation be adopted.

CARRIED

8. NOTING PAPERS

8.1. ASSET MANAGEMENT

Responsible Officer: General Manager Strategic Asset Performance

Officer Presenting Report: Manager Asset Governance

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref: FM18.1. PRJ-297

Estimated Meeting Duration: For Noting

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.

Officer's Recommendation to the Audit, Risk & Improvement Committee:

It is recommended that the update be noted.

Discussion:

The committee enquired regarding the commentary and completion status of projects within the report and sought clarification regarding what the completion status refers to for example is it the assessment that is 80% complete or is it 80% complete to solving the problem. The enquiry was taken on notice with clarification to be provided to the committee. An update was provided to the committee during the meeting clarifying that the completion noted in the report was the completion of the report or assessment and that officers have taken the feedback on board and will articulate what the deliverable and anticipated completion date is in future reports.

Decision:

Moved Kerry Phillips

Seconded Stephen Coates

That the Officers recommendation be adopted.

CARRIED

8.2. INFORMATION COMMUNICATION TECHNOLOGY UPDATE MAY 2022

Responsible Officer: General Manager Strategy and Transformation

Officer Presenting Report: Noting

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref: IT5.1

Estimated Meeting Duration: 5 mins

Purpose:

The purpose of this report is to provide the committee with an update on the work managed by the Information, Communication and Technology (ICT) team.

Officer's Recommendation to the Audit, Risk & Improvement Committee:

That the committee note the ICT update for the period January to May 2022.

Discussion:

The committee sought further clarification in the reports regarding the completion status of projects and how far officers are to solving the problem, with an example provided of cyber security and trialling Sophos but the report isn't clear on what the trial entails, whether the trial moves to another software or it's being trialled and then implemented and it's 90% complete. The committee were advised that the Sophos trial is almost complete with a minor concern with one app and it was anticipated that full implementation will be completed by 30 June 2022. Officers acknowledged the feedback regarding the commentary provided in the report and will provide clarification regarding progress of tasks in future reports.

The committee commended officers for participating in Government cyber security exercises. The committee noted that there needs to be a focus on exercises with internal management on cyber attacks. Advice was provided that a review of Council's cyber security response plan may be beneficial with an inclusion of an exercise to test the efficiency of the response plan.

The committee enquired regarding the maturity of council's software and the security risks for the software. It was noted that officers are currently reviewing all software and developing ICT Plan Pages and the security of each piece of software is a consideration of that review process. It was further noted that once the ICT Plan Pages are developed they will be continuously reviewed.

Decision:

Moved Kerry Phillips

Seconded Stephen Coates

That the Officers recommendation be adopted.

CARRIED

8.3. ENVIRONMENT REPORT

Responsible Officer: General Manager Strategic Asset Performance

Officer Presenting Report: Manager Environment and Conservation

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref: EM6.2

Estimated Meeting Duration: Noting

Purpose:

The purpose of this report is to provide an update of Council's environmental performance against the established indicators from the last quarter being 1 January 2022 to 31 March 2022, for noting and discussion by the Audit, Risk and Improvement Committee.

Officer's Recommendation to the Audit, Risk & Improvement Committee:

That the Audit, Risk and Improvement Committee receive and note the environmental performance report for the January to March 2022 period.

Discussion:

The committee enquired regarding statistics of sewerage overflows with the last wet weather event (May) with advice provided that the Gladstone region did not experience the significant amount of rainfall that other areas received and that the exceedances experienced in February were a concern. It was noted that some sewerage infrastructure has been identified as corroded and quite thin with a project scheduled to smoke test the network to identify the gaps and leaks. It was further noted that the capacity of Council's sewerage pump stations may require upgrading.

The committee mentioned previous advice of the number of environmental instances due to the sensitivity of the environments unknown and enquired regarding the status of the analysis of the sensitivity of the environments. It was noted that progress has been made in the determination of the sensitivity of the environments inhouse with further testing to be undertaken by technical experts.

Decision:

Moved Kerry Phillips

Seconded Stephen Coates

That the Officers recommendation be adopted.

CARRIED

8.4. CONTRACTS AND PROCUREMENT REPORT

Responsible Officer: General Manager Finance Governance and Risk

Officer Presenting Report: For Noting

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref: PE7.2

Estimated Meeting Duration: For Noting

Purpose:

The purpose of this report is to present procurement KPIs for the quarter ending 30 April 2022.

Officer's Recommendation to the Audit, Risk & Improvement Committee:

That the Contracts and Procurement Report is received and noted.

Discussion:

The committee congratulated officers on the improvement in the contracts and procurement compliance.

The committee mentioned the comment "serious non-compliance's are escalated directly to the Governance and Ethics team for investigation", noting that the audit report on procurement indicated there were hundreds of non-compliances, and enquired on the number of serious non-compliances that were being handled. It was noted that any instances of fraud or corrupt conduct is being raised with the Ethics team with all other non-compliances being addressed and rectified immediately with the employees or employee's supervisor. It was further noted that the ability for more visibility and regular reporting on the contracts and procurement non-compliances for management is underway with a due date of end of July 2022. It was noted that the data shown in Item 10.3 Internal Audit Report had been analysed using July 2020 – December 2021 data and the data shown in this report is financial year to date April 2022.

Decision:

Moved Kerry Phillips

Seconded Stephen Coates

That the Officers recommendation be adopted.

CARRIED

8.5. PEOPLE CULTURE SAFETY QUARTERLY REPORT

Responsible Officer: General Manager People Culture and Safety

Officer Presenting Report: Theunis Mienie, General Manager People Culture and Safety

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref: HS9.1

Estimated Meeting Duration: Noting Report

Purpose:

The purpose of this noting report is to provide the Audit, Risk and Improvement Committee with an update of the People and Culture statistics and activities.

Officer's Recommendation to the Audit, Risk & Improvement Committee:

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

Discussion:

The committee noted the comment regarding the incident reporting process issues being experienced with the incident management software and incidents not being reported in Beakon and enquired if there was an indication of how many incidents were not being reported. Advice was provided that the reporting level in general is significantly high due to follow up with team leaders and it isn't anticipated that there is a high level of unreported incidents. It was noted that management will continue to encourage officers to report incidents. It was mentioned that going forward Council is looking at reviewing the process to ensure people are held accountable for repeat instances and addressing the behaviour behind the repeated instances, acknowledging that this may impact the reporting of incidents and will be managed accordingly. A discussion was held regarding the wider use of the software and it was noted that the system is quite intuitive and easy to use and that non-reported incidents being raised during general conversation appear to be reducing.

The committee sought clarification regarding the sick leave statistics and if COVID leave was included in the statistics. Advice was provided that COVID leave is a separate leave entitlement and confirmation on if the sick leave statistics presented included COVID leave will be sought and provided back to the committee. The committee enquired regarding the need for a separate leave category for COVID with advice provided that Council sought to identify and understand the impact of COVID on council and COVID Leave will be reviewed as required and guided by Queensland Health. It was noted that future reports will show the sick and COVID leave combined.

The committee noted that the excessive leave balances are slowly increasing and enquired if Council had a plan or process in place to reduce the excessive leave balances. Advice was provided that employees with excessive leave are placed on leave plans and the excessive leave balance was anticipated to reduce once travel stabilises. It was noted that the process includes advising the employee that they have excessive leave and developing a leave plan to reduce the leave balance. A discussion was held on the various types of leave that can be accumulated, for example, TOIL, annual, long service, and the management of all types of leave in the current environment such as high turnover and reluctance to travel. The committee suggested inclusion in the report of the types of initiatives of managing excess leave and how they are progressing. The committee highlighted the need to be aware of excessive leave and the impacts on fatigue and the budgetary implications.

A discussion was held regarding the completion of Performance and Development Agreements (PDA) and Individual Development Plans (IDP) noting that turnover has impacted the completion of PDA's and IDP's. It was noted that Council is maturing in this space and as the process becomes embedded the completion rates will improve. It was further noted that there are system challenges for managing the volume of work. The committee highlighted the need for roles to have measurable accountability and a clear understanding of their role, which will assist in improved culture and individual development. It was noted that progress has been made in getting the process underway and embedded.

Decision:

Moved Kerry Phillips

Seconded Stephen Coates

That the Officers recommendation be adopted.

CARRIED

8.6. RISK REPORT

Responsible Officer: Mark Holmes, General Manager Finance Governance & Risk

Officer Presenting Report: For Noting

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref: RM1.7

Estimated Meeting Duration: For noting

Purpose:

To provide an update to the Audit Risk and Improvement Committee on Council's risk position.

Officer's Recommendation to the Audit, Risk & Improvement Committee:

That the Risk Management Report be received.

Discussion:

It was noted that culture has been removed from the Corporate Risk Register as it was recognised as a control rather than a risk.

A discussion was held regarding the operational risk ratings and work that is being undertaken with leaders to review the risk and risk rating. It was noted that this work is also providing an opportunity to review with leaders their risk obligations to ensure leaders are aware of them. It was further noted that this work is an opportunity to receive feedback on the Risk Corporate Standard and if there are issues in the interpretation of the matrix and how improvements can be made to make the assessment process easier. It was noted that anything with a high residual risk is a manager's responsibility and this process is ensuring the managers are aware of their responsibilities.

The committee noted the climate change risk and that it is referenced in terms of strategies such as our coastal future and infrastructure, and enquired if any consideration regarding the impact of climate change on the workforce, such as heat exhaustion, has been considered. It was noted that climate change was considered in the broader impact across Council and the register may not accurately reflect that. It was acknowledged that this will be considered and captured going forward.

Decision:

Moved Kerry Phillips
Seconded Stephen Coates

That the Officers recommendation be adopted.

CARRIED

8.7. INSURANCE REPORT

Responsible Officer: General Manager Finance Governance and Risk

Officer Presenting Report: Manager Governance and Risk

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref: RM1.7

Estimated Meeting Duration: For Noting

Purpose:

To provide an update to the Audit Risk and Improvement Committee on the annual renewal of Council's insurance policies for the period ending 30 June 2023.

Officer's Recommendation to the Audit, Risk & Improvement Committee:

That the Insurance Report is noted.

Discussion:

Nil

Decision:

Moved Kerry Phillips

Seconded Stephen Coates

That the Officers recommendation be adopted.

CARRIED

13.1. ANNUAL REPORT ON STATUS OF COUNCIL POLICIES AND CORPORATE STANDARDS

Responsible Officer: General Manager Finance Governance and Risk

Officer Presenting Report: Tanya Whalley, Manager Finance Governance and Risk

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref: CM28.2

Estimated Meeting Duration: 5 minutes

Purpose:

To provide an update on the status of Council's policies and corporate standards.

Officer's Recommendation to the Audit, Risk & Improvement Committee:

That the Annual Report on Status of Council Policies and Corporate Standards be received.

Discussion:

A discussion was held regarding the outstanding policy reviews and it was noted that Council is managing the risk element of the corporate standards and policies that need to be reviewed and prioritising the reviews. The committee recommended that policies and corporate standards with a 3 yearly review be changed to 5 yearly where possible with guidance materials in place for changes needed within the 5 years such as legislative changes. The committee identified this as a vulnerability and recommended that management undertake a review of the risk profile to identify the status and risk of the policies and corporate standards.

Decision:

Moved Kerry Phillips

Seconded Sandra Collins

That the Officers recommendation be adopted.

CARRIED

The meeting was adjourned at 11:07am and reconvened at 11:20am.

9. EXTERNAL AUDIT

9.1. QUEENSLAND AUDIT OFFICE BRIEFING PAPER

Responsible Officer: General Manager Finance Governance and Risk

Officer Presenting Report: Queensland Audit Office Representative / PricewaterhouseCoopers Representative

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref: FM4.4

Estimated Meeting Duration: 10 minutes

Purpose:

The purpose of this report is to allow the Queensland Audit Office (QAO) and PricewaterhouseCoopers to provide an update to the committee.

Officer's Recommendation to the Audit, Risk & Improvement Committee:

That the briefing paper dated 15 June 2022 be received and noted.

Discussion:

It was noted that an interim audit has been undertaken and that the progress of the audit is on track and achieving all the agreed milestone. It was noted that PricewaterhouseCoopers (PwC) were due to receive the proforma financial statements next week.

The Queensland Audit Office (QAO) highlighted the Local Government 2021 report to Government noting that the report outlined the results of last year's audit of 77 councils and controlled entities. It was further noted that the report highlighted findings on timeliness of councils' reporting on financial statements and encouraged all councils to reassess their financial sustainability using the tool provided.

Decision:

Moved Kerry Phillips
Seconded Sandra Collins

That the Officers recommendation be adopted.

CARRIED

9.2. INTERIM MANAGEMENT LETTER AND REPORT

Responsible Officer: General Manager Finance Governance and Risk

Officer Presenting Report: PricewaterhouseCoopers Representative

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref: FM4.4

Estimated Meeting Duration: 10 minutes

Purpose:

To provide the committee with the results from Council's interim external audit.

Officer's Recommendation to the Audit, Risk & Improvement Committee:

That the Interim Management Letter and Report be received and noted.

Discussion:

A discussion was held regarding a control deficiency that has been identified around the timely management of capital work in progress (WIP). As noted in the report, it has been observed that the capitalisation of infrastructure WIP assets is being undertaken towards the end of the year and not when assets are necessarily available for use. It was highlighted that management need to ensure there are processes in place to manage the WIP and acknowledged that processes have been implemented to improve the management of WIP. The committee noted that the early close process will assist in the management of WIP. The committee mentioned a process used in another council of the senior asset accountant attending the asset steering committee meetings with WIP as an agenda item and additionally a focus on WIP in the middle of the year with resourcing, such as a finance officer matched with the asset team to work through and progress WIP.

A discussion regarding the improvement of the three-way match process was held and the committee enquired if there was a work around on the three-way match. It was noted that Council is implementing the three-way match with it being worked on with the works delivery program and included in the whole procurement process improvement work.

Decision:

Moved Kerry Phillips

Seconded Stephen Coates

That the Officers recommendation be adopted.

CARRIED

10. INTERNAL AUDIT

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

Responsible Officer: General Manager Finance Governance and Risk

Officer Presenting Report: Ashlyn Chalker, Principal Internal Auditor, Acting

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref: CM26.2

Estimated Meeting Duration: 5 minutes

Purpose:

To provide annual confirmation that all responsibilities outlined in the Audit Risk and Improvement Committee Policy have been carried out.

Officer's Recommendation to the Audit, Risk & Improvement Committee:

That the Audit Risk and Improvement Committee confirm that the responsibilities outlined in the Audit Risk and Improvement Committee Policy have been carried out for the period July 2021 to June 2022.

Discussion:

The committee requested that a copy of the Ethics Integrity and Audit Policy, as referred to in 6.5.8 of the Audit Risk and Improvement Committee Policy, be provided to the committee at the next meeting.

Decision:

Moved Kerry Phillips
Seconded Stephen Coates

That the Officers recommendation be adopted.

CARRIED

10.2. ETHICS INTEGRITY AND AUDIT PROGRESS REPORT

Responsible Officer: General Manager Finance Governance and Risk

Officer Presenting Report: Ashlyn Chalker, Principal Internal Auditor (Acting)

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref: CM27.3

Estimated Meeting Duration: 15 minutes

Purpose:

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

Officer's Recommendation to the Audit, Risk & Improvement Committee:

That the Ethics Integrity and Audit Progress report be received and noted.

Discussion:

It was noted that the overdue high risk task shown in the report was completed on 9 June 2022.

Decision:

Moved Kerry Phillips

Seconded Stephen Coates

That the Officers recommendation be adopted.

CARRIED

10.3. INTERNAL AUDIT

Responsible Officer: General Manager Finance Governance and Risk

Officer Presenting Report: Ashlyn Chalker, Principal Internal Auditor (Acting)

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref: CM27.3

Estimated Meeting Duration: 5 minutes

Purpose:

Presentation of internal audit and compliance assurance projects finalised this quarter.

Officer's Recommendation to the Audit, Risk & Improvement Committee:

That the audit report finalised for the quarter be accepted.

Discussion:

A discussion was held regarding the low risk rating for the Conflict of Interest finding with clarification provided that the conflict of interest reference is in relation to purchasing only. It was noted that work is being undertaken to allow the contracts and procurement team more visibility on registered conflict of interests, keeping in mind confidentiality. It was further noted that since the report was written, the process to determine risk ratings has been refined to align with the Corporate Risk Register. The committee enquired regarding the owner of the Conflict of Interest finding being Principal Internal Auditor. Advice provided that the Ethics Integrity and Audit team manage the conflicts of interest for the employees across the whole business however the contracts and procurement team have a process in place to request the employee declare a conflict of interest. The committee recommended that the risk ratings for Internal Audit Report - Procurement less than \$15,000 be reviewed in line with the Corporate Risk Register.

The committee sought clarification regarding the reference to no record of escalations for 204/237 non-compliances with advice provided that the non-compliance has not been recorded in the register but the conversation regarding the non-compliance has been had with the team leader and managed within contracts and procurement. It was noted that the aim is to stop the behaviour at the start of the order utilising awareness and education through the senior procurement level identifying and following up and working with the officer to correct the process. It was further noted that visibility to the Executive Leadership Team is being improved through regular reporting to the monthly meeting. It was noted that escalation of non-compliances is being undertaken where required. The importance of looking at repeat offenders of non-compliances from a corruption point of view to ensure the minor non-compliances don't lead to corruption was discussed.

Decision:

Moved Kerry Phillips

Seconded Sandra Collins

That the Officers recommendation be adopted.

CARRIED

10.4. INTERNAL AUDIT PLAN 2022/2023 AND THREE YEAR INTERNAL AUDIT PLAN

Responsible Officer: General Manager Finance Governance and Risk

Officer Presenting Report: Ashlyn Chalker, Principal Internal Auditor (Acting)

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref: CM27.3

Estimated Meeting Duration: 5 minutes

Purpose:

Audit Risk and Improvement Committee consideration of the 2022/2023 and three year internal audit plan – including resource consideration.

Officer's Recommendation to the Audit, Risk & Improvement Committee:

That the Audit Risk and Improvement Committee endorse the 2021/2023 Internal Audit Plan and related supporting material.

Discussion:

The committee enquired regarding the status of an assurance map noting concern that the committee isn't getting oversight of the complete coverage for council. It was noted that work has been undertaken on building an assurance map however resourcing has delayed progress. The committee recommended that the establishment of an assurance map be included in the audit plan. The committee recommended council reach out to Lockyer Valley Council regarding their risk assurance map as a guide.

Decision:

Moved Kerry Phillips
Seconded Cr O'Grady

That the Officers recommendation be adopted.

CARRIED

11. FINANCE REPORTS

11.1. FINANCIAL STATEMENT PREPARATION TIMELINE

Responsible Officer: General Manager Finance Governance and Risk

Officer Presenting Report: Nerrilyne Taylor, Team Leader Financial Operations

Business Improvement Committee Meeting Date: 15 June 2022

File Ref: FM4.4

Estimated Meeting Duration: 5 minutes

Purpose:

The purpose of this report is to provide the Audit Risk and Improvement Committee members with the proposed 2021/2022 Financial Statement Preparation Timeline for their consideration and feedback.

Officer's Recommendation to the Audit Risk and Improvement Committee:

That the Audit Risk and Improvement Committee note the attached proposed financial statement preparation timeline.

Discussion:

Nil

Decision:

Moved Kerry Phillips
Seconded Cr Muszkat

That the Officers recommendation be adopted.

CARRIED

11.2. PRIOR PERIOD FINANCIAL STATEMENTS

Responsible Officer: General Manager Finance Governance and Risk

Officer Presenting Report: Mark Holmes

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref: FM15.1

Estimated Meeting Duration: 10 minutes

Purpose:

To provide the Audit Risk and Improvement Committee with the Monthly Financial Reports for Period ending 30 April 2022.

Officer's Recommendation to the Audit, Risk & Improvement Committee:

That the Audit Risk and Improvement Committee note the Monthly Financial Reports for period ending 30 April 2022.

Discussion:

The committee were advised that the Monthly Financial Report for the Period ending 30 April 2022 was presented to the General Meeting held 17 May 2022. An overview of the monthly financial report was provided to the committee.

The committee enquired regarding the reduction of the capital program and the impact on the workforce with advice provided that the capital program is split between internal and external resources with the majority of the impact to external resourcing. It was further noted that the reduction to of the capital program is due to supply chain issues. It was noted that minor changes to delegations are being proposed to provide some flexibility with procurement in the current environment.

Decision:

Moved Kerry Phillips
Seconded Cr Muszkat

That the Officers recommendation be adopted.

CARRIED

11.3. DRAFT PROFORMA FINANCIAL STATEMENTS

Responsible Officer: General Manager Finance Governance and Risk

Officer Presenting Report: Andre Dookoo, Statutory Accountant

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref: FM4.4

Estimated Meeting Duration: 10 minutes

Purpose:

The purpose of this report is to provide the Audit Risk and Improvement Committee members with the draft 2021/2022 proforma financial statements for their consideration and feedback.

Officer's Recommendation to the Audit, Risk & Improvement Committee:

That the Audit Risk and Improvement Committee note the report.

Discussion:

A discussion was held regarding Note 6. Employee benefits and the impact of the COVID leave, turnover and vacancy rate. The committee noted a couple of potentially pending legal issues that may turn into contingencies and to be aware of those.

The committee enquired regarding Note 21. Provisions Refuse restoration and the commentary that 'the restoration provision costs for the capping of cell 1 and 2 at Benaraby have increased....' noting that with the change of capping methodology the committee expected to see a decrease. It was noted that officers are working through the calculations for the capping costs and it is expected to decrease in costs, however also acknowledging the rising costs of supplies may have an impact on the movement. It was further noted that the commentary would be revised once final modelling has been completed.

The committee recommended highlighting any of the notes that could change between shell and final to assist in identifying changes, what would be a work in progress and what is settled.

Decision:

Moved Kerry Phillips

Seconded Stephen Coates

That the Officers recommendation be adopted.

CARRIED

11.4. CLOUD COMPUTING ACCOUNTING TREATMENT POSITION PAPER

Responsible Officer: General Manager Finance Governance Risk

Officer Presenting Report: Andre Dookoo, Statutory Accountant

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref: FM4.4

Estimated Meeting Duration: 10 minutes

Purpose:

To provide the committee with the attached position paper detailing the accounting treatment of cloud computing following the recent IFRIC (International Financial Reporting Interpretations Committee) agenda decision.

Officer's Recommendation to the Audit, Risk & Improvement Committee:

That the committee note the report.

Discussion:

Nil

Decision:

Moved Kerry Phillips

Seconded Sandra Collins

That the Officers recommendation be adopted.

CARRIED

11.5. 2022/23 BUDGET UPDATE

Responsible Officer: General Manager Finance Governance and Risk

Officer Presenting Report: Mark Holmes, General Manager Finance Governance and Risk

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref:

Estimated Meeting Duration: 10 mins

Purpose:

Placeholder for verbal update on the progress of the 2022/23 budget.

Officer's Recommendation to the Audit, Risk & Improvement Committee:

That the Committee receive the verbal update on the progress of the 2022/23 budget.

Discussion:

An update on the progress of the 2022/23 Budget preparations was provided to the committee.

Decision:

Moved Kerry Phillips
Seconded Cr O'Grady

That the Officers recommendation be adopted.

CARRIED

12. ASSET MANAGEMENT

12.1. STRATEGIC ASSET PERFORMANCE VALUATION METHODOLOGY

Responsible Officer: General Manager Strategic Asset Performance

Officer Presenting Report: Tania Brown, Manager Asset Governance

Audit Risk and Improvement Committee Meeting Date: 15 June 2022

File Ref:

Estimated Meeting Duration: 10 minutes

Purpose:

To provide an update on Gladstone Regional Council's asset valuation methodology including a summary of the current status of Council's valuations undertaken.

Officer's Recommendation to the Audit Risk and Improvement Committee:

It is recommended that the update be noted.

Discussion:

An updated was provided regarding the Roads, Drainage, Transport and Infrastructure desktop revaluation with the indexation approach confirmed to be the 3-year rolling average of Queensland Government Statisticians Office (QGSO) asset revaluation index. It was noted that the QGSO draws information from Australian Bureau of Statistics (ABS), weighted accordingly and applied across the specific asset class.

Decision:

Moved Kerry Phillips

Seconded Stephen Coates

That the Officers recommendation be adopted.

CARRIED

13. OFFICER'S REPORTS

13.2. WORKS DELIVERY UPDATE

Responsible Officer: General Manager Strategy and Transformation

Officer Presenting Report: Sue-Ellen Howie, Transformation Lead

Audit, Risk & Improvement Committee Meeting Date: 15 June 2022

File Ref: CM26.11

Estimated Meeting Duration: 15 minutes

Purpose:

The purpose of this report is to update the Committee on the progress of the Works Delivery Initiative.

Officer's Recommendation to the Audit, Risk & Improvement Committee:

That the Works Delivery update be received for June 2022.

Discussion:

A discussion was held regarding the Asset Information project with advice provided that resources required to undertake the project are not yet understood with no current budget allocation. The committee enquired regarding the componentisation levels with the asset register consolidation plan and expressed concern regarding the capability to componentise assets to different levels. Advice was provided that each asset stream can be setup with different levels of componentization which is being identified through the project work.

A discussion was held regarding the Asset Maintenance project with the committee highlighting examples of conflicts with regulated areas such as water and waste and other areas such as roads and noting that Council needs to be mindful that there could be competing needs. Advice was provided that the cycle will likely be the same but vary by different areas and that the operating model is developed with centralised planning to avoid the conflict.

Decision:

Moved Kerry Phillips
Seconded Cr O'Grady

That the Officers recommendation be adopted.

CARRIED

14. SELF-DEVELOPMENT

It was noted that a site visit for all committee members was to be held at the conclusion of the meeting and that the site visits were very beneficial for the committee.

It was noted that at another council's committee planning day there was a presentation to the committee regarding a topical topic, such as various developments with state agencies, privacy, cyber security and fraud and felt there was benefit for the committee in hearing the presentation. The committee recommended that a presentation on an aligned topic be undertaken at the next committee planning day.

Sandra Collins noted that she had attended AICD webinars and briefings and the Central Queensland Economic Update held in Rockhampton. Sandra provided some highlights of the Central Queensland Economic Update including taking global influences and how they filter down to us; awareness that the focus on CO2 and global warming is taking the eye off the ball on a lot of other cost implications in the economic environment such as escalating cost of health. Sandra highlighted cyber security issues as a big risk and a discussion was held regarding Council's cyber security and data storage practices.

Councillor Natalia Muszkat mentioned the need for further training and updates for councillors. It was noted that councils should read the research that Queensland Audit Office (QAO) have undertaken and that QAO are leading a natural improvement journey by introducing a blog and giving Councils tools to adapt to the new environment they will need to work in. The committee recommended that management include the QAO research, reports and blogs in agendas for Councillors to access.

Cr Muszkat mentioned that she had attended the Welcoming Interactive conference in America and shared learning on living in a rural and regional council with the conference.

15. COUNCIL REFERRALS

Nil

16. GENERAL BUSINESS

Nil

17. CLOSED SESSION - AUDIT REPRESENTATIVES

There were no matters to report from the Closed Session.

There being no further business the Chair formally closed the meeting.

THE MEETING CLOSED AT 1:16pm