



# 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 30 NOVEMBER 2022 COMMENCING AT 9:00 AM

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**PRESENT**

Kerry Phillips (Chairperson)  
Sandra Collins  
Stephen Coates  
Cr Chris Cameron  
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  
Carly Quinn, General Manager Strategy and Transformation  
John Tumbers, General Manager Operations  
Mark Francis, General Manager Strategic Asset Performance  
Deon Matthee, Principal Internal Auditor  
Tanya Whalley, Manager Governance and Risk  
Rachael Millett, Executive Secretary  
Ashlyn Chalker, Ethics Integrity and Audit Specialist  
Tim Howarth, Manager Information Communications and Technology  
Kylie Ware, Information Communications and Technology Specialist (Service Manager)  
Nerrilyne Taylor, Team Leader Financial Operations  
Sue-Ellen Howie, Transformation Lead  
Rod Burge, Asset Maintenance Project Lead  
Celisa Faulkner, Project Lead - Implement MMF (Acting)  
Scot McDonald, Manager Asset Design  
Kristie Wockner, Manager Contracts and Procurement

**Others in Attendance:**

Mansheel Kumar, PwC (via teams)  
Dale Hassell, QAO (via teams)  
Cr Desley O'Grady (Observer)  
Cr Rick Hansen (Observer)  
Peter Sheville (Observer)

## **1. COMMITTEE IN CAMERA**

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

## **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**

Mayor Burnett

## **4. DECLARATION OF CONFLICTS OF INTEREST**

Nil

## **5. CONFIRMATION OF MINUTES**

### **5.1. CONFIRMATION OF AUDIT RISK AND IMPROVEMENT COMMITTEE MINUTES FOR 21 SEPTEMBER 2022**

**Responsible Officer:** Chief Executive Officer

**Audit Risk and Improvement Committee Meeting:** 30 November 2022

**File Ref:** CM7.2

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**Purpose:**

Seeking confirmation of the Audit Risk and Improvement Committee Meeting Minutes of the 21 September 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 21 September 2022.

**Decision:**

Moved Stephen Coates  
Seconded Sandra Collins

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:** 30 November 2022

**File Ref:** CM26.2

**Estimated Duration:** 2 mins

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**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.

**Decision:**

Moved Stephen Coates  
Seconded Sandra Collins

That the Officers recommendation be adopted.

**CARRIED**

## **7. NOTING PAPERS**

### **7.1. ASSET MANAGEMENT**

**Responsible Officer:** General Manager Strategic Asset Performance

**Officer Presenting Report:** For Noting

**Audit, Risk & Improvement Committee Meeting Date:** 30 November 2022

**File Ref:** FM18.1. PRJ-297

**Estimated Meeting Duration:** For Noting

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#### **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 commended officers on the good reporting as it is very clear on the percentage complete and expected completion date. The committee requested that reports include, by exception, if the expected completion date changes, either extended or reduced.

A discussion was held regarding the Asset Valuations - Park Furniture and Other Structures. It was noted that the report shows work has paused due to resource constraints and the committee requested future reports include the risks to Council with pausing the work and how the impact is being managed. It was noted that the Chairperson has encouraged Council to embrace moving away from the requirement to fully revalue this particular asset category and although progress has been delayed, the intent is to save costs on revaluation and to rationalise the focus on this asset category. It was further noted that the risk profile is fairly low.

The committee noted that on page 39 of the agenda, the second and third dot points relating to bridge inspections appears to be a double up and suggested that one of the dot points requires removal. It was noted that the second dot point should have read 'the 10 year capital program based on the level two bridge inspections has been completed'. It was further noted that there are 253 spanning structures, which are major bridges on the road network and that the next piece of work is the condition assessment of those structures.

#### **Decision:**

Moved Cr Cameron  
Seconded Kerry Phillips

That the Officers recommendation be adopted.

**CARRIED**



## **7.2. ENVIRONMENTAL PERFORMANCE REPORT QUARTER ONE 2022/2023**

**Responsible Officer:** General Manager Strategic Asset Performance

**Officer Presenting Report:** For Noting

**Audit, Risk & Improvement Committee Meeting Date:** 30 November 2022

**File Ref:** EM17.9

**Estimated Meeting Duration:** Noting

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### **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 July 2022 to 30 September 2022, for noting 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 July to September 2022 period.

### **Discussion:**

The committee noted that the report indicates developing a plan regarding the Gladstone to South Trees Wastewater Treatment Plants daily release exceedances and that an investigation report regarding the root cause/s was received in April. The committee enquired regarding when the plan would be expected with advice provided that it was likely that an engineering solution will be required and an update will be provided to the committee on what work has been done, planned work and the anticipated timelines for that work.

### **Decision:**

Moved Cr Cameron  
Seconded Kerry Phillips

That the Officers recommendation be adopted.

**CARRIED**

### **7.3. INFORMATION COMMUNICATION TECHNOLOGY**

**Responsible Officer:** General Manager Strategy and Transformation

**Officer Presenting Report:** Noting

**Audit, Risk & Improvement Committee Meeting Date:** 30 November 2022

**File Ref:** IT5.1

**Estimated Meeting Duration:** For noting

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#### **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, and to show in detail how we manage risk associated with ICT and Cyber Security.

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

That the committee note the ICT update for Quarter 1 2022/23.

#### **Discussion:**

The committee enquired as to what the Business Continuity Plan (BCP) testing scheduled for December refers to. It was noted that the BCP testing is an annual exercise with the December exercise to be undertaken with Council's Disaster Response Specialist regarding disaster preparedness. It was noted that the scenarios change for each annual exercise.

A discussion was held regarding the disaster recovery plans testing with the process for completing the testing discussed. It was confirmed that the disaster recovery site details including location, be kept confidential and that any reference to the location in the agenda be redacted.

The committee enquired regarding the risk rating for cyber security noting that it is shown as a medium risk but extreme consequences and understanding how the risk is medium if the controls are fair. It was noted that as the controls are assessed in their effectiveness with the risk rating adjusted as needed. It was further noted that the rating has recently been adjusted to high.

#### **Decision:**

Moved Cr Cameron  
Seconded Kerry Phillips

That the Officers recommendation be adopted.

**CARRIED**

## 7.4. PEOPLE CULTURE SAFETY QUARTERLY REPORT

**Responsible Officer:** General Manager People Culture Safety

**Officer Presenting Report:** For Noting

**Audit, Risk & Improvement Committee Meeting Date:** 30 November 2022

**File Ref:** HS9.1

**Estimated Meeting Duration:** For Noting

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### **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 enquired regarding the actual injury that resulted from the incident on 26 September 2022 with advice provided that the employee received bruising to the leg.

A discussion was held regarding the standpipe incident that required an ICAM and that the committee is being provided with the severity of the whole incident but not receiving the information regarding the details of the incident. It was noted that the details of any recordable incidents will be provided in future reports. A summary of the standpipe incident and findings was provided.

The committee noted that the progress on a number of items is shown as 'on going' and requested that target dates be included in future reporting. An update on the status of each item was provided to the committee.

The committee enquired regarding what the acronym VOC refers to with clarification provided that VOC refers to verification of competence. Further advice was provided that a VOC is required to be undertaken and passed for officers operating yellow plant. The committee requested that reports that include acronyms show the acronym in full prior to the acronym being used.

### **Decision:**

Moved Cr Cameron  
Seconded Kerry Phillips

That the Officers recommendation be adopted.

**CARRIED**

## 7.5. INSURANCE REPORT

**Responsible Officer:** General Manager Finance Governance and Risk

**Officer Presenting Report:** For Noting

**Audit, Risk & Improvement Committee Meeting Date:** 30 November 2022

**File Ref:** RM1.7

**Estimated Meeting Duration:** For Noting

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### **Purpose:**

To provide an update to the Audit Risk and Improvement Committee with an overview of the claims for compensation following damages or loss, that Council has received from members of the public and 3<sup>rd</sup> parties.

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

That the insurance report is received and noted.

### **Discussion:**

The committee enquired regarding a claim shown on page 75 which refers to water and sewer inundation however is missing a claim number, and the probability of the claim materialising. The enquiry was taken on notice with officers to provide further information to the committee.

The committee enquired if there are any repeat claimants in the claims against Council. The enquiry was taken on notice with information to be provided at the next meeting.

### **Decision:**

Moved Cr Cameron  
Seconded Kerry Phillips

That the Officers recommendation be adopted.

**CARRIED**

## **8. EXTERNAL AUDIT**

### **8.1. PWC AND 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:** 30 November 2022

**File Ref:** FM4.4

**Estimated Meeting Duration:** 10 minutes

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#### **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 be received and noted.

#### **Discussion:**

An overview of the briefing paper was provided by PricewaterhouseCoopers (PwC) and Queensland Audit Office (QAO) representatives. The 2022 Status of Auditor-General's recommendations report was highlighted. It was noted that it reflects on his five years as Auditor-General and makes a number of observations and comments on four areas including strengthening governance and oversight; using information technology and data better; managing contracts and projects effectively; and understanding the impact of government restructuring.

A discussion was held regarding the blogs published by the Queensland Audit Office. It was acknowledged that the committee members are provided with the information, however the committee enquired if the relevant officers are being provided with the information. It was noted that the agenda is published to the committee and Executive Leadership Team, who then distribute information to officers as required or relevant. The committee highlighted the 'A contract register is more than a list'; 'How you can manage the risk of your legacy systems'; 'Is your Information Security Management System helping you mitigate cyber risk'; and 'Why is it important to report material losses to QAO' as critical reading for officers.

A discussion was held regarding the reportable losses and the reporting requirements with clarification provided that if an item is stolen, it would be required to be reported. A discussion regarding a recent example of stolen aluminium water grates was held and noted that this would be required to be reported.

The committee noted that there wasn't any information provided regarding the external audit planning for the next round of financial statement reporting and encouraged officers that that information is provided at the first committee meeting in 2023. The committee noted that members are seeing council's looking to bring their financial statement preparation forward are putting some pressure on getting the external audit plan in this calendar year to get the process started early. It was noted that QAO have some internal consideration of processes to improve reporting and completion timelines. It was acknowledged that during the last round of financial statement reporting, one of the challenges was the flooding events in South East Queensland with significant

impacts in that area. The committee noted that a number of council's came up with some pragmatic solutions to address the impact and were able to maintain some timeliness in the delivery of the financial statements and acknowledged the assistance and support that QAO provided to those councils pragmatic approach. The committee noted that there were some good examples of good business cases of QAO working well with local government to address those kinds of concerns.

**Decision:**

Moved Kerry Phillips  
Seconded Sandra Collins

That the Officers recommendation be adopted.

**CARRIED**

## **9. INTERNAL AUDIT**

### **9.1. ETHICS INTEGRITY AND AUDIT PROGRESS REPORT**

**Responsible Officer:** General Manager Finance Governance and Risk

**Officer Presenting Report:** Principal Internal Auditor

**Audit, Risk & Improvement Committee Meeting Date:** 30 November 2022

**File Ref:** CM27.3

**Estimated Meeting Duration:** 15 minutes

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#### **Purpose:**

Provide the Audit Risk and Improvement Committee with information about the activities of Ethics Integrity and Audit for the period 7 September 2022 to 15 November 2022.

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

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

#### **Discussion:**

The committee enquired regarding the process of revising the due dates of internal audit tasks. It was noted that it is including in the monthly reporting the relevant General Manager is informed of any revisions and valid reasons must be provided for revising the due date. The committee requested that the process of revising the due dates of internal audit tasks be reflected in the report to the committee to enable an understanding of the changes and further to include the original due date with a strike-through alongside the revised due date.

An update was provided on the status of the internal audits and the assurance mapping meetings. It was noted that the assurance mapping meetings were anticipated to be completed by end of December 2022 for inclusion in the committee's annual planning day in February 2023. The committee enquired if the intention for the assurance map was to land a visual on a single page with confirmation provided that the intention is for a one page summary.

A discussion was held regarding the Legislative requirements for operating the cremator audit, the time taken in undertaking the audit, the impact on the audit plan and the rationale on the prioritisation of the legislative audit. It was noted that the audit was completed in five days and was regarding the safe operation of the cremator. It was further noted the audit was requested to be prioritised due to an upcoming inspection by a petroleum gas inspector returning to perform an inspection on the facilities of the biogas plant and clarification needed on whether the Petroleum and Gas Act applied to the cremator. It was noted that the intent of the audit was to review what the legislation indicated was required for operation of cremator and outwork any actions identified. The committee requested that any changes to the audit plan be communicated to the committee, out of session if necessary, for endorsement.

The committee requested that when reporting on lost and stolen items, that it be indicated whether the Queensland Audit Office (QAO) has been notified.

A discussion was held regarding the upcoming committee planning day with advice regarding unavailability of members provided. The planning day was agreed to be rescheduled to 15 February 2022 with calendar invitations to be provided as soon as possible to prevent conflicts arising. The committee were requested to provide any items for inclusion in the planning day agenda with a request to include internal audit planning for the 2023/24 financial year.

**Decision:**

Moved Stephen Coates  
Seconded Kerry Phillips

That the Officers recommendation be adopted.

**CARRIED**



## 9.2. INTERNAL AUDIT REPORT - EVENT CASH HANDLING

**Responsible Officer:** General Manager Finance Governance and Risk

**Officer Presenting Report:** Principal Internal Auditor

**Audit, Risk & Improvement Committee Meeting Date:** 30 November 2022

**File Ref:** CM27.3

**Estimated Meeting Duration:** 5 minutes

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### **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 this quarter be accepted.

### **Discussion:**

An overview of the report was provided noting that the audit was in reference to cash handling during offsite events. The finding of a lack of guidance from a procedural and risk management perspective on how to manage the cash on site and how to protect the cash and the community was highlighted. A discussion was held regarding the risk rating and the risk assessment with the controls in place discussed. The committee were encouraged that there was an encouragement to move away from cash and noted that a number of peers across the sector have embraced the movement to cashless due to the threat of harm when cash is involved.

The committee commended the report and highlighted the focus and importance of the physical security. A discussion was held regarding the benefits of receiving cash, such as gold coin donations, at events and noted that the report considers the current economic environment. It was noted that as detailed in the report, security and cashless events should be a consideration for future events.

### **Decision:**

Moved Cr Muszkat

Seconded Cr Cameron

That the Officers recommendation be adopted.

**CARRIED**

### **9.3. INTERNAL AUDIT REPORT - REVIEW OF LEGISLATIVE REQUIREMENTS FOR OPERATING THE CREMATOR**

**Responsible Officer:** General Manager Finance Governance and Risk

**Officer Presenting Report:** Principal Internal Auditor

**Audit, Risk & Improvement Committee Meeting Date:** 30 November 2022

**File Ref:** CM27.3

**Estimated Meeting Duration:** 5 minutes

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**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 this quarter be accepted.

**Discussion:**

Nil.

**Decision:**

Moved Stephen Coates  
Seconded Sandra Collins

That the Officers recommendation be adopted.

**CARRIED**

## **9.4. INTERNAL AUDIT REPORT - WORKPLACE HEALTH AND SAFETY SELF-INSURANCE**

**Responsible Officer:** General Manager Finance Governance and Risk

**Officer Presenting Report:** Principal Internal Auditor

**Audit, Risk & Improvement Committee Meeting Date:** 30 November 2022

**File Ref:** CM27.3

**Estimated Meeting Duration:** 5 minutes

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### **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 this quarter be accepted.

### **Discussion:**

An overview of the report and the path forward was provided and it was highlighted that Council is moving from the A/NZS 4801:2001, which has expired, to ISO45001:2018 and that the audit was undertaken against the requirements of the National Self-Insurer OHS Management System Audit Tool Version 3 4 August 2014. It was noted that one of the first actions is to undertake a gap analysis and develop a road map for the transition to ISO45001:2018 with the anticipated delivery in April 2023. The committee encouraged officers to include the actions resulting from the road map into Beakon.

A discussion was held regarding the risk in the items that haven't been achieved and management of the risk within those items. It was noted that there are some high risk items that haven't been achieved and that management has prioritised the completion of those procedures with actions in place to address the risk. A discussion was held regarding Council's need to determine what benchmark level is to be achieved. It was noted that for high risk work there is training in place, the Take5 process, and a permit system in place for confined space and a safe work method for other work. It was further noted that recent discussions highlighted the need to determine what other high risk work requires a permit system and shifting focus to create better risk protocols regarding high risk work. It was acknowledged that while the high risk exists there are controls in place.

The committee acknowledged that the audit was very positive with a number of good practices in the audit that other companies would want to know and that proportionally the number of improvements needed was lower than other companies.

An enquiry was made regarding the work health and safety for flexible working arrangements. It was noted that there is a self-assessment that is required to be completed for a flexible working arrangement application where the applicant is required to provide photos of their work setup. It was further noted that flexible working arrangements have been through a level of rigour through the application process and that it is being well managed. It was noted that a check of the legislative requirements will be undertaken.

An enquiry was made regarding the disaster management plans and business continuity plans (BCP) and how we assess safely operating in an emergency situation. It was noted that the BCP details the protocols for employees that might be cut off in remote areas. It was further noted that Council provide afterhours response and that there is a monitoring service provided by PEAK Services which as part of the contract is to provide a call back service to the employee responding to the call. It was noted that Council is investigating some recent incidents where the call back service was not being provided and further investigating how Council manage people working after hours.

**Decision:**

Moved Kerry Phillips  
Seconded Sandra Collins

That the Officers recommendation be adopted.

**CARRIED**

**The meeting was adjourned at 11:16am and reconvened at 11:38am.**

## 9.5. ANNUAL COMMITTEE SELF ASSESSMENT UPDATE

**Responsible Officer:** General Manager Finance Governance and Risk

**Officer Presenting Report:** Principal Internal Auditor

**Audit, Risk & Improvement Committee Meeting Date:** 30 November 2022

**File Ref:** CM27.3

**Estimated Meeting Duration:** 10 minutes

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### **Purpose:**

Presentation of the results of the Audit Risk and Improvement Committee (ARIC) annual self-assessment survey and the results of the survey of Councillors in relation to ARIC.

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

That

1. The results of the Audit Risk and Improvement Committee self-assessment survey be received and noted.
2. A review of the questions included in the Audit Risk and Improvement Committee annual self-assessment survey at the ARIC planning day for the following groups:
  - a. ARIC members
  - b. Executive Leadership team
  - c. Councillors.

### **Discussion:**

The committee noted that there were some gaps in the knowledge and information and identified an opportunity for training and development. The committee recommended the Australian Institute of Company Directors (AICD) online training tools for discussion at the Committee planning day.

### **Decision:**

Moved Stephen Coates  
Seconded Sandra Collins

That the Officers recommendation be adopted.

**CARRIED**

## **10. FINANCE REPORTS**

### **10.1. PRIOR PERIOD FINANCIAL STATEMENTS**

**Responsible Officer:** General Manager Finance Governance and Risk

**Officer Presenting Report:** General Manager Finance Governance and Risk

**Audit, Risk & Improvement Committee Meeting Date:** 30 November 2022

**File Ref:** FM15.1

**Estimated Meeting Duration:** 10 minutes

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#### **Purpose:**

To provide the Audit Risk and Improvement Committee with the Monthly Financial Reports for Period ending 31 October 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 31 October 2022.

#### **Discussion:**

A discussion was held regarding grants and the timing of grant payments noting that the grants are a risk in terms of revenue perspective. It was confirmed that Council is utilising the information that has been published by the grants commission as a baseline for budgeting and forecasting.

It was noted that on page 279 of the agenda in the commentary for the Financial Assistance Grant a correction was required and the commentary should read 'A further assumption has been made that Council will receive 75% of the 2023-24 allocation in the final quarter of 2022-23'.

A discussion was held regarding the budget planning for 2023-24 and it was noted that a new process for the 2023-24 budget will be worked through with the relevant business area owners. A further discussion was held regarding service levels. It was noted that while service levels have been considered, the focus is on reviewing efficiencies and revenue opportunities. A discussion was held regarding evolving technologies that may provide some efficiency gains. It was noted that the work that is being undertaken on asset growth plans have expanded to include service planning which may identify areas for efficiency gains. The work being undertaken on the Maintenance Management Framework along with the anticipated efficiencies and savings of the work was noted.

#### **Decision:**

Moved Kerry Phillips

Seconded Stephen Coates

That the Officers recommendation be adopted.

**CARRIED**

## **10.2. FINAL ADOPTED 2021/2022 AUDITED FINANCIAL STATEMENTS**

**Responsible Officer:** General Manager Finance Governance and Risk

**Officer Presenting Report:** General Manager Finance Governance and Risk

**Audit, Risk & Improvement Committee Meeting Date:** 30 November 2022

**File Ref:** FM 15.1

**Estimated Meeting Duration:** 10 minutes

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### **Purpose:**

To present to the Audit Risk and Improvement Committee the final audited 2021/22 Financial Statements and Management Representation Letter

### **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 the Financial Sustainability ratios and it was noted that the Financial Sustainability ratios will be extended by three. It was further noted that there will be six to be reported on next year although it is anticipated that the additional three ratios will not be required to be audited. It was noted that the asset sustainability ratio target is dependent on the tier classification with Council being a tier 3 council and the current target being 80%.

### **Decision:**

Moved Kerry Phillips

Seconded Stephen Coates

That the Officers recommendation be adopted.

**CARRIED**

### **10.3. AUDIT CLOSING REPORT AND FINAL MANAGEMENT LETTER**

**Responsible Officer:** General Manager Finance Governance and Risk

**Officer Presenting Report:** General Manager Finance Governance and Risk

**Audit, Risk & Improvement Committee Meeting Date:** 30 November 2022

**File Ref:** FM4.4

**Estimated Meeting Duration:** 10 minutes

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**Purpose:**

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

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

That the Audit Closing Report and Final Management Letter and Report be received and noted.

**Discussion:**

It was noted that Council has received the final management letter from the auditors and that there was one new issue raised which has been resolved. It was further noted that the process has been refined to ensure that the issue raised isn't repeated.

A discussion was held regarding the ability to perform soft closes and it was noted that due to resources it has been difficult to complete a full soft close however it is anticipated that a soft close will be undertaken in January 2023. It was further noted that a process has been implemented to undertake closes at regular intervals.

The committee acknowledged that the results were outstanding amongst Council's peers and congratulated everyone involved for the excellent result.

**Decision:**

Moved Kerry Phillips

Seconded Stephen Coates

That the Officers recommendation be adopted.

**CARRIED**



## **11. RISK MANAGEMENT**

### **11.1. QUARTERLY RISK MANAGEMENT REPORT**

**Responsible Officer:** General Manager Finance Governance and Risk

**Officer Presenting Report:** Manager Governance and Risk

**Audit, Risk & Improvement Committee Meeting Date:** 30 November 2022

**File Ref:** RM1.7

**Estimated Meeting Duration:** 10 minutes

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#### **Purpose:**

To provide an update to the Committee on Council's risk position.

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

That the Quarterly Risk Management Report be received.

#### **Discussion:**

It was noted that the risk profile was fairly stable with low movement for this quarter. It was further noted that the risks identified are worked through on an exception basis with the Governance and Risk team providing the framework and guidance to officers. A discussion was held regarding validating the controls that are provided to ensure that they are in place and operating as expected. It was noted as an opportunity for an internal audit to explore how that might be tested.

#### **Decision:**

Moved Kerry Phillips

Seconded Sandra Collins

That the Officers recommendation be adopted.

**CARRIED**

## 11.2. REVIEW OF CORPORATE RISK REGISTER

**Responsible Officer:** General Manager Finance Governance and Risk

**Officer Presenting Report:** Manager Governance and Risk

**Audit, Risk & Improvement Committee Meeting Date:** 30 November 2022

**File Ref:** RM1.7

**Estimated Meeting Duration:** 10 minutes

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### **Purpose:**

To present the outcomes of a review of the Corporate Risk Register.

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

That the Review of the Corporate Risk Register Report be received.

### **Discussion:**

A supplementary report and an attachment showing a quick reflection of changes was provided to the committee following on from a corporate risk workshop held the day prior to the meeting. It was noted that the changes are yet to be formally reviewed by the risk owners but were reflective of the discussions held. It was further noted that there were no changes to the risk profile or number of corporate risks.

A discussion was held regarding the corporate risks with concern raised by the committee that supply chain issues isn't identified within the causes for the financial sustainability risk. It was advised that there are operational risks that capture the supply chain issues however it was acknowledged that it could be included in the financial sustainability risk. The committee encouraged officers to ensure that the changes to controls proposed for the Financial Sustainability risk identify how that is going to solve the problem. It was noted that the documents provided were a summary of notes taken from the meeting and that the risks will be further detailed within Beakon.

### **Decision:**

Moved Cr Muszkat

Seconded Cr Cameron

That the Officers recommendation be adopted.

**CARRIED**

## **12. OFFICER'S REPORTS**

### **12.1. CONTRACTS AND PROCUREMENT REPORT**

**Responsible Officer:** General Manager Finance Governance and Risk

**Officer Presenting Report:** Manager Contracts and Procurement

**Audit, Risk & Improvement Committee Meeting Date:** 30 November 2022

**File Ref:** PE7.2

**Estimated Meeting Duration:** 15 Minutes

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#### **Purpose:**

The purpose of this report is to present procurement KPIs for the quarter ending 31 October 2022.

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

That the Contracts and Procurement Report is received and noted.

#### **Discussion:**

A discussion was held regarding the non-compliances and it was noted that there has been a reduction in non-compliance instances. It was further noted that this has been achieved by providing one-on-one training, stepping people through the process, escalating to leaders where required, team training and escalation to Governance and Risk or Audit Ethics and Integrity teams where required. It was noted that the Procure to Pay system, which is a three-way matching system, was anticipated to be implemented in June 2023 along with a contracts module. It was further noted that these systems will provide further improvements to non-compliances and contracts and procurement processes.

The committee encouraged officers to read the 'A contract register is more than a list' blog provided by the Queensland Audit Office (QAO).

#### **Decision:**

Moved Kerry Phillips

Seconded Sandra Collins

That the Officers recommendation be adopted.

**CARRIED**

## 12.2. TRANSFORMATION REPORT

**Responsible Officer:** General Manager Strategy and Transformation

**Officer Presenting Report:** Transformation Lead

**Audit, Risk & Improvement Committee Meeting Date:** 30 November 2022

**File Ref:** CM26.11

**Estimated Meeting Duration:** 20 minutes

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### **Purpose:**

Provide monthly update to Audit, Risk and Improvement Committee on the Works Delivery Initiative.

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

That the Transformation report be received.

### **Discussion:**

A discussion was held regarding the completion status with clarification regarding the remaining work to be undertaken provided. It was noted that since the report was prepared some date changes have been made due to additional work being identified. The committee requested that future reports where the due date has changed should include the new due date with original due date crossed out. A further request for commentary within the report to highlight if investigations were underway and any potential changes as a result of the investigation. The committee requested that should any changes occur following the production of the agenda, that those changes be provided to the committee at the introduction of the report during the meeting.

A discussion was held regarding the asset data standards. It was noted that different standards are used depending on the asset class. The committee highlighted potential challenges with the competing asset classes. It was noted that there will be four registers. It was further noted that officers are working with other council's regarding lessons learnt from their implementation of the maintenance management framework.

### **Decision:**

Moved Kerry Phillips

Seconded Sandra Collins

That the Officers recommendation be adopted.

**CARRIED**

### **13. SELF-DEVELOPMENT**

Stephen Coates noted that he had attended the Local Government Assurance Forum last month which discussed many topical issues.

Kerry Philips noted that she had attended the AICD Annual Essential Directors update. Kerry noted that she found when attending these types of events, it provides a refocus on the new normal. Kerry highlighted some key messages from the event including the importance of inflationary planning; supply difficulties and skills shortages are a reality; changing dynamics in the workforce; the dimension on cyber security is moving to the data management and it's important to understand what you are doing with data collected.

Peter Sheville noted that he had attended a clean energy audit and assurance workshop which discussed future legislation and potential impacts. Kerry further noted that she was fortunate enough to be part of a committee that was focused on understanding the carbon footprint and how to move towards a zero outcome and encouraged Council to set up a working group or committee that is able to get across clean energy and net zero before any new legislation and reporting requirements are brought in.

Councillor Natalia Muszkat noted that she had attended the Social Enterprise World Forum. Cr Muszkat noted that there was a session with the City of Amsterdam local government and how they have certain programs to support social economy impact. Cr Muszkat further noted that the Social Enterprise World Forum for 2023 will be held in Amsterdam. Cr Muszkat noted that she had attended the Local Government Association Queensland annual conference.

### **14. COUNCIL REFERRALS**

Nil

### **15. GENERAL BUSINESS**

Nil

### **16. CLOSED SESSION - AUDIT REPRESENTATIVES**

Nil

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

**THE MEETING CLOSED AT 1.30pm**