



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 6 DECEMBER 2023 COMMENCING AT 9AM

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PRESENT

Stephen Coates (Chairperson)
Sandra Collins
Peter Sheville (via teams)
Cr Muszkat
Cr Cameron

Officers:

Leisa Dowling, Chief Executive Officer
Mark Holmes, General Manager Finance, Governance and Risk
Carly Quinn, General Manager People and Strategy
John Tumbers, General Manager Operations
Kylie Lee, General Manager Community and Lifestyle (via teams)
Leslie Semnutin, General Manager Customer Experience (Acting)
Ashlyn Chalker, Principal Internal Auditor (Acting)
Tanya Whalley, Manager Governance and Risk
Rachael Millett, Executive Secretary
Julia McDonald, Financial Controller (Acting)
Ali Moore Manager Environment and Conservation (via teams)
Ed Dahlheimer, Manager Asset Governance (Acting) (via teams)
Tim Howarth, Manager Health Safety and Wellbeing (Acting)
Emma Horstman, Manager People Services
Tanya Barnes-Mayman, Asset Accounting Specialist

Others in Attendance:

Dale Hassell, QAO (via teams)
Bronwyn Lovell, KPMG (via teams)

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
Cr O'Grady
Mark Francis, General Manager Assets and Environment

4. DECLARATION OF CONFLICTS OF INTEREST

Nil

5. CONFIRMATION OF MINUTES

5.1. CONFIRMATION OF AUDIT RISK AND IMPROVEMENT COMMITTEE MINUTES FOR 20 SEPTEMBER 2023

Responsible Officer: Chief Executive Officer

Officer Presenting Report: Tanya Whalley, Manager Governance and Risk

Audit Risk and Improvement Committee Meeting: 6 December 2023

File Ref: CM7.2

Estimated Meeting Duration: 3 minutes

Purpose:

Seeking confirmation of the Audit Risk and Improvement Committee Meeting Minutes of the 20 September 2023.

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 20 September 2023.

Discussion:

It was noted that a correction be made in Item 13. Self-Development on page 29 of the minutes of the Audit Risk and Improvement Committee meeting held on 20 September 2023 to Sandra Collins' self-development to the following:

Sandra Collins advised that she attended training in competition legislation associated with ACCC along with her practical experience. Sandra highlighted the emerging area of psychosocial risks. Stephen further highlighted the emerging area of climate risks.

Decision:

Moved Sandra Collins
Seconded Cr Cameron

That the Committee confirm the Minutes of the Audit Risk and Improvement Committee Meeting held on the 20 September 2023 with an amendment to Sandra Collins' self-development to the following:

Sandra Collins advised that she attended training in competition legislation associated with ACCC along with her practical experience. Sandra highlighted the emerging area of psychosocial risks. Stephen further highlighted the emerging area of climate risks.

CARRIED

6. BUSINESS ARISING FROM MINUTES

6.1. AUDIT RISK AND IMPROVEMENT COMMITTEE OPEN TASKS REPORT

Responsible Officer: General Manager Finance, Governance and Risk

Officer Presenting Report: Tanya Whalley, Manager Governance and Risk

Audit, Risk and Improvement Committee Meeting: 6 December 2023

File Ref: CM26.2

Estimated Duration: 2 minutes

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 Sandra Collins
Seconded Cr Muszkat

That the Officers recommendation be adopted.

CARRIED

7. NOTING PAPERS

7.1. ENVIRONMENTAL PERFORMANCE REPORT 1 APRIL TO 30 SEPTEMBER 2023

Responsible Officer: General Manager Assets and Environment

Officer Presenting Report: Ali Moore, Manager Environment and Conservation

Audit, Risk and Improvement Committee Meeting Date: 6 December 2023

File Ref: EM17.9

Estimated Meeting Duration: Noting

Purpose:

The purpose of this report is to provide and note an update of Council's environmental performance against the established indicators from 1 April 2023 to 30 September 2023.

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

That the Audit, Risk and Improvement Committee receive and note the environmental performance report for the 1 April 2023 to 30 September 2023.

Discussion:

A discussion was held regarding the potential penalties for the period of 1 April - 30 September 2023. It was noted that the likelihood of the potential penalties being applied was low and that the focus is on the remediation or actions to achieve results. It was mentioned that should the Department of Environment and Science (DES) reach the point of forceable undertaking or similar action, it would be expected that the works be undertaken in a shorter timeframe which will increase the costs to deliver the project by up to 5 times more than what it would to deliver the project normally. It was acknowledged that rather than financial penalties it is more in the capital work that Council undertakes which is where the costs in rectifying the problem(s) are and that it is a financial implication that needs to be captured in Council's budget and capital portfolio delivery to prevent the likelihood of receiving fines / penalties.

It was mentioned that previously there had been a proposal for changes to the EA conditions that would differentiate between the breaches, however following discussion with DES it would trigger a major amendment. Due to this advice, and in consultation with the local department, it was decided not to progress with the condition changes until there is an understanding of the work needed to the plants to enable the change to conditions.

Decision:

Moved Peter Sheville
Seconded Cr Cameron

That the Officers recommendation be adopted.

CARRIED

7.2. ASSET MANAGEMENT

Responsible Officer: General Manager Strategic Asset Performance

Officer Presenting Report: Manager Asset Governance

Audit, Risk & Improvement Committee Meeting Date: 06 Dec 2023

File Ref: FM18.1

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:

That the Asset Management update be noted.

Discussion:

The committee raised concern regarding the progress of the data cleansing and that the data being migrated will be erroneous due to the time taken. Advice was provided that Council has provided additional funding to progress the work with additional resource now in place and that the data cleansing project is on track to be completed by December 2024. It was noted that there is a systems component as well and the work in getting the system setup is well underway.

An update was provided regarding the status of the Strategic Asset Management Plan (SAMP) and Asset Management Plans (AMPs) including that the SAMP is anticipated to be finalised by end of December 2023 ready for consultation in 2024, with AMPs to follow. It was noted that the AMPs will be completed progressively throughout the year. It was reaffirmed that there is an existing SAMP and AMPs however this project is about improving the plans that exist, ensuring the AMPs are up to date to assist in the long term financial plan.

Decision:

Moved Cr Cameron

Seconded Sandra Collins

That the Officers recommendation be adopted.

CARRIED

7.3. PEOPLE AND SAFETY REPORT

Responsible Officer: General Manager People and Strategy

Officer Presenting Report: Emma Horstman, Manager People Services and Tim Howarth, Manager Health Safety and Wellbeing (Acting)

Audit, Risk and Improvement Committee Meeting Date: 6 December 2023

File Ref: HS9.1

Estimated Meeting Duration: Noting Only

Purpose:

This report is to provide ARIC with an overview of our People and Safety Performance for the period of August to October. It highlights trends, celebrates successes and identifies emerging issues for discussion.

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

That the People and Safety report is noted.

Discussion:

The committee requested that the details surrounding any Medical Treatment Injury (MTI) and Lost Time Injury (LTI) be included in the reporting. An update regarding the details of the MTI's and LTI's was provided.

The committee enquired regarding the flexible work arrangements and what the main theme of the requests / arrangements are. Advice was provided that work is being undertaken to better understand the flexible work arrangement themes / trends however it is a majority of requests for the same hours but different start and finish times, e.g. starting earlier than 8am and finishing earlier than 5pm. It was mentioned that there has been some concern regarding requests to reduce hours and the impact on other people within the team. The committee highlighted that the flexible work arrangements shouldn't be increasing costs and that there are ways to do flexibility without the impact.

The committee raised concerns regarding the FTE budget v's actual differences. Advice was provided that there are issues with the reporting of FTE with the system and that investigation into the system reporting is underway to ensure accurate FTE reporting in future.

Decision:

Moved Sandra Collins
Seconded Cr Cameron

That the Officers recommendation be adopted.

CARRIED

7.4. QUARTERLY RISK REPORT

Responsible Officer: General Manager Finance Governance and Risk

Officer Presenting Report: Tanya Whalley, Manager Governance and Risk

Audit, Risk and Improvement Committee Meeting Date: 6 December 2023

File Ref: RM6.1

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 and Improvement Committee:

That the Committee receive the Quarterly Risk Report.

Discussion:

Nil

Decision:

Moved Sandra Collins

Seconded Cr Muszkat

That the Officers recommendation be adopted.

CARRIED

7.5. REVIEW OF CORPORATE RISK REGISTER

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

Officer Presenting Report: Tanya Whalley, Manager Governance and Risk

Audit, Risk and Improvement Committee Meeting Date: 6 December 2023

File Ref: RM6.1

Estimated Meeting Duration: 5 minutes

Purpose:

To provide the Audit Risk and Improvement Committee with an update on changes in Council's Corporate Risk Profile.

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

That the Corporate Risk Update Report is received.

Discussion:

A discussion was held regarding the identification and review of unsatisfactory controls. It was noted that the controls would be reported to the monthly Executive Leadership Team meetings to assist in the management of them including determining if they are unsatisfactory controls.

A discussion was held regarding the level of risk management maturity. It was noted that a survey was completed on risk maturity with 20 responses received, and that while positive to receive the responses, when compared with the number of risk owners it doesn't hit the mark. Feedback received from engagement is that people aren't comfortable in managing their risks and are still cautious. It was noted that a strategy is being developed on how to address this which will be provided at the next meeting. It was further noted that the audit identified that the misunderstanding of controls and treatments is across the whole risk framework and that a better strategy is needed. The committee suggested including the risk register in the committee planning day to undertake a deep dive into how it is being embedded and what strategies the committee might be able to assist with. The committee offered to provide details of another council to connect with that might be able to provide some assistance.

A discussion was held regarding new councillors and providing them with an understanding of risk management. It was noted that risk management is included as part of the Councillor Onboarding program. It was further noted that the new council will need to understand and set Council's risk appetite.

Decision:

Moved Sandra Collins
Seconded Cr Muszkat

That the Officers recommendation be adopted.

CARRIED

8. EXTERNAL AUDIT

8.1. QUEENSLAND AUDIT OFFICE BRIEFING PAPER

Responsible Officer: General Manager Finance Governance and Risk

Officer Presenting Report: Queensland Audit Office Representative

Audit, Risk and Improvement Committee Meeting Date: 6 December 2023

File Ref: FM4.4

Estimated Meeting Duration: 10 minutes

Purpose:

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

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

That the Queensland Audit Office (QAO) briefing paper be received and noted.

Discussion:

The Queensland Audit Office (QAO) provided an overview of the briefing paper and highlighted the following:

- The contract with PWC has been canceled and KPMG have been appointed to undertake the 2024 audit.
- The 'Responding to and recovering from cyber security incidents' report has the inclusion of a regional council.
- The 'Effectiveness of local government audit committees' report is in the planning stages however not anticipating any issues for Council.
- The fraud and corruption model and tool have been updated.

Decision:

Moved Cr Cameron

Seconded Peter Sheville

That the Officers recommendation be adopted.

CARRIED

15. CLOSED SESSION - AUDIT REPRESENTATIVES

There were no matters to report from the Closed Session – Audit Representatives.

The meeting was adjourned for morning tea at 10:36am and reconvened at 10:50am.

9. INTERNAL AUDIT

9.1. 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 and Improvement Committee Meeting Date: 6 December 2023

File Ref: CM27.3

Estimated Meeting Duration: 20 minutes

Purpose:

Provide the Audit Risk and Improvement Committee with information about the activities of Ethics, Integrity and Audit for the period 1 September 2023 to 27 November 2023.

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

That the Audit, Risk and Improvement Committee:

1. Receive and note the Ethics Integrity and Audit Progress report.
2. Endorse a change to the 2023-2024 Internal Audit Plan to replace the Workforce Management – Staff Wellbeing and Resilience review with a payroll review.

Discussion:

A discussion was held regarding the 'Implementation status of audit tasks' with clarification provided for individual audit tasks. It was noted that IA20 Tsk_65 critical assets have been identified and that there is a plan and response in place for no water but not necessarily for critical asset failure. Advice was provided regarding IA21 that external audits are undertaken on the landfills. Further advice was provided that the site-based management plans have been a large body of work which was separated into smaller actions for officers to complete as part of their workplans due to the inability to source consultants to outwork the audit action. It was noted that the Procurement Corporate Standard is scheduled for review in 2024/25 and that there are sufficient procedures in place to support the business to mitigate the risks (IA-32).

A discussion was held regarding the proposal to amend the 2023-2024 Internal Audit Plan to replace the Workforce Management - Staff Wellbeing and Resilience review with Payroll review. It was noted that the Workforce Planning Strategy is due to be completed by 30 June 2024 and that there was a need to have that in place and embedded prior to undertaking a Workforce Management audit.

Decision:

Moved Cr Cameron
Seconded Cr Muszkat

That the Officers recommendation be adopted.

CARRIED

9.2. INTERNAL AUDIT REPORTS

Responsible Officer: General Manager Finance Governance and Risk

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

Audit, Risk and Improvement Committee Meeting Date: 6 December 2023

File Ref: CM27.3

Estimated Meeting Duration: 30 minutes

Purpose:

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

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

That the internal audit reports and assurance map be received and noted.

Discussion:

A discussion was held regarding the Disaster Prevention and Recovery Plans internal audit. The committee complimented the quality of the report noting the report highlights the way the root cause analysis has been built into the reports which gives a good insight into the report and the development of the risk rating. The committee enquired if the target maturity level that Council aims to achieve has been identified. Advice was provided that it has been identified as a gap with work undertaken in implementing the overall policy prior to progressing the maturity piece. It was noted that Council broadly responds well to incidents.

The committee sought clarification regarding the statement in the report '*Overall, Council demonstrated the ability to respond to events and incidents...*' and if that statement is in relation to an emergency incident. It was noted that 'events and incidents' could be separated to distinguish the different between events and incidents however further clarification would be needed. The committee commented that this is something that is being seen across councils where business continuity can be mixed up with disaster management.

A discussion was held regarding the Corporate Risk, Critical Asset Failure, Effectiveness of Mitigating Controls internal audit. It was noted that there are bodies of work in place however it was identified that the controls aren't fully embedded. The committee mentioned that it reinforces the value of the asset management plans and it was noted that the plans exist however not necessarily the resources to implement them.

Decision:

Moved Peter Sheville
Seconded Cr Muszkat

That the internal audit reports be received and noted.

CARRIED

10. FINANCE REPORTS

10.1. AUDIT CLOSING REPORT AND FINAL MANAGEMENT LETTER

Responsible Officer: General Manager Finance Governance and Risk

Officer Presenting Report: Saj Rajapakse, Financial Controller (Acting)

Audit, Risk and Improvement Committee Meeting Date: 6 December 2023

File Ref: FM4.4

Estimated Meeting Duration: 10 minutes

Purpose:

To provide the committee with the results from Council's 2022/23 external audit.

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

The Closing Report and the Final Management Letter be received and noted.

Discussion:

The committee suggested streamlining the process and capturing the actions from the audit closing report in the outstanding audit table with the information to be provided to the Internal Audit team.

Decision:

Moved Cr Muszkat

Seconded Peter Sheville

That the Officers recommendation be adopted.

CARRIED

10.2. FINAL ADOPTED 2022/2023 AUDITED FINANCIAL STATEMENTS

Responsible Officer: General Manager Finance Governance and Risk

Officer Presenting Report: Saj Rajapakse, Financial Controller (Acting)

Audit, Risk and Improvement Committee Meeting Date: 6 December 2023

File Ref: FM15.1

Estimated Meeting Duration: 10 minutes

Purpose:

To provide an update to the Audit, Risk and Improvement Committee on the 2022/23 Annual Financial Statements.

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

That the update be received and noted by the Audit, Risk and Improvement Committee.

Discussion:

Nil

Decision:

Moved Cr Muszkat
Seconded Peter Sheville

That the Officers recommendation be adopted.

CARRIED

10.3. PRIOR PERIOD FINANCIAL STATEMENTS

Responsible Officer: General Manager Finance Governance and Risk

Officer Presenting Report: Saj Rajapakse, Financial Controller (Acting)

Audit, Risk and Improvement Committee Meeting Date: 6 December 2023

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 31 October 2023.

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

That the Audit Risk and Improvement Committee note the monthly financial reports for the period ending 31 October 2023

Discussion:

An overview of the prior period financial statements report was provided. It was highlighted that the discount period for rates has now closed and is tracking higher than the previous financial year. It was noted that there has been a review of and change to the debt recovery processes and which has resulted in more people entering into instalment plans.

Decision:

Moved Cr Muszkat
Seconded Peter Sheville

That the Officers recommendation be adopted.

CARRIED

11. OFFICER'S REPORTS

Nil.

12. SELF-DEVELOPMENT

It was mentioned that Sandra Collins and Stephen Coates have been reappointed to the committee until the end of 2024.

Stephen Coates mentioned that he is obtaining more understanding in AI use base and risks. Stephen further mentioned that he is taking a proactive approach on the agenda's of the committee's in the council's he works with and looking to drive the agenda more from the committee rather than driven by officers.

Sandra Collins mentioned that she has taken some time to understand and appreciate the reports and blogs published by the Queensland Audit Office (QAO). Stephen mentioned that the QAO hold Audit Risk and Improvement Committee (ARIC) chair briefings and will consider sending a delegate for any that he is unable to attend.

Councillor Chris Cameron mentioned that he attended the Local Government Finance Professionals conference which he found the topics to be valuable, including AI. It was mentioned that there are some councils who are developing policies in relation to AI.

Councillor Natalia Muszkat mentioned that she also attended the conference and found the AI session most enjoyable. Cr Muszkat noted that she can see the negatives but also the opportunities with AI and that it would be good to have a better understanding of what AI is. Cr Muszkat noted that there was a discussion regarding partnering within Council and how 'numbers people' talk to 'non-numbers people' and embracing change. Cr Muszkat mentioned that she attended a Social Enterprise work forum in Amsterdam.

Peter Sheville mentioned that he has embarked on self-development around physical and mental health and will be taking on a big challenge next year in a 500km ride around Thailand raising money for a charity.

13. COUNCIL REFERRALS

Nil

14. GENERAL BUSINESS

Nil

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

THE MEETING CLOSED AT 11:35am.