



# GLADSTONE

## REGIONAL COUNCIL

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

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

**ON 20 MARCH 2019 COMMENCING AT 9.00AM**

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## **PRESENT**

### **COMMITTEE MEMBERS**

Ross Cook (External Member, Chairperson)  
Kerry Phillips (External Member)  
Sandra Collins (External Member)  
Stephen Coates (External Member)  
Cr Rick Hansen (Councillor, Gladstone Regional Council)  
Cr Kahn Goodluck (Councillor, Gladstone Regional Council)

### **OFFICERS**

Leisa Dowling, Chief Executive Officer  
Mark Holmes, General Manager Finance Governance and Risk  
Brooke Saunders, Manager Governance  
Anna Scott, General Manager Strategic Asset Performance  
Terri Pienaar, General Manager People Culture and Safety  
Rob Huth, Acting General Manager Operations  
Carly Quinn, General Manager Strategy and Transformation  
Rowena Smallcombe, Ethics Integrity and Audit Specialist  
Nerrilynne Taylor, Team Leader Financial Operations  
Stacey Hogarth, Risk Specialist  
Channa Jayasinha, Manager Strategic ICT  
Aaron Cameron, Manager Works Planning and Scheduling  
Brodie Reck, Team Leader Project Delivery  
Kristie Wockner, Manager Contracts and Procurement  
Ashleigh Tomkins, Manager Asset Governance  
Vicky Hankinson, Governance Advisor

### **OTHERS IN ATTENDANCE**

Matthew Monaghan, Director, William Buck External Auditors  
Chantelle Hanna, Audit Manager, Queensland Audit Office (via telephone link)

### **OBSERVERS**

Cr Matt Burnett, Mayor, Gladstone Regional Council (for part of the meeting)  
Cr Natalia Muszkat, Councillor, Gladstone Regional Council  
Cr Desley O'Grady, Councillor, Gladstone Regional Council

## **1.0 APOLOGIES**

Nil.

## **2. DECLARATION OF CONFLICTS OF INTEREST**

There were no declarations of conflicts of interest.

### **3. CONFIRMATION OF MINUTES**

#### **3.1. CONFIRMATION OF BUSINESS IMPROVEMENT COMMITTEE MINUTES FOR 12 DECEMBER 2018**

**Officer's Recommendation:**

That the Committee confirm the Minutes of the Business Improvement Committee Meeting held on the 12 December 2018.

**Decision:**

The meeting confirmed the minutes as tabled.

### **4. BUSINESS ARISING FROM MINUTES**

#### **4.1. BUSINESS IMPROVEMENT COMMITTEE OPEN TASKS REPORT**

**Discussion:**

Kerry Phillips enquired on the Officer comment in the Water Meter Reading Action Item update dated the 6 March 2019. She enquired as to why the Manager Revenue Services would be following up on the issue. The Ethics Integrity and Audit Specialist advised that the Manager of Revenue Services had been requested to conduct a preliminary review of the latest water meter readings for a selection of staff and contractors to assess if there were any potential anomalies that should be more closely examined. There had been no 'red flags' raised as a result of this process. Internal Audit is in the process of completing a more detailed analysis/report to finalise this matter.

**Officer's Recommendation:**

The report be noted.

**Decision:**

The Committee endorsed the Officer recommendation.

### **5. OFFICER'S REPORTS**

#### **5.1. ANNUAL REVIEW OF COMMITTEE RESPONSIBILITIES AGAINST BUSINESS IMPROVEMENT COMMITTEE POLICY AND ANNUAL WORK PLAN 2019 / 20**

**Discussion:**

Members made enquiries and provided the following feedback / comments:

1. One member commented that their expectation is that the CEO would provide a brief written synopsis of emerging issues potentially impacting on local government generally or on the organisation specifically such as significant legislative change, potential risks, non-compliances or legal issues and other similar strategic issues affecting the business. Basically, high level strategic issues affecting the organisation.

2. It was agreed to include another ICT Strategic Report in the Work Plan for the September 2019 meeting.
3. In relation to the proposed Legal Report, it was suggested that the content include advice on any current litigation, particularly any litigation that may potentially impact on the financial statements, advice on a systematic review of legislation / regulations impacting local government and provide advice on any areas where Council may need to consider applying additional resources to achieve compliance and/or to minimise risk (proactive assessment of responsibilities), etc.
4. It was noted that the Compliance Reports proposed to be presented to the Committee will present information on any significant non-compliance issues in relation to legislative responsibilities (ie. environmental licensing, reactive / audit-based compliance outcomes).

The meeting also discussed the proposed Business Improvement Committee clearance of the final Financial Statements as contained in 2019 External Audit Plan tabled in the supplementary agenda. It was noted that the date set for the Committee's proposed clearance of the final statements is proposed for the 11 October 2019, however, this does not align with a scheduled meeting of the Committee. Members agreed that this responsibility may be best met through a teleconference of Committee Members and relevant officers. It was agreed to schedule this teleconference for 10am on the 11 October 2019.

**Officer's Recommendation:**

That the Committee endorse the proposed 2019 / 20 Business Improvement Committee Work Plan as presented subject to any additions or changes arising out of Committee discussion.

**Decision:**

That the Committee endorse the proposed 2019 / 20 Business Improvement Committee Work Plan as presented, subject to following additions:-

1. Written reports from the Chief Executive Officer on Strategic issues as outlined in point 1 of discussions – Action by CEO.
2. Schedule an additional report from Strategic ICT for the September 2019 meeting – Action by Governance Advisor.
3. Schedule a teleconference of the Committee for the 11 October 2019 to consider the final clearance of the financial statements – Action by Governance Advisor.

**5.2. STATUS REPORT – COUNCIL POLICIES AND CORPORATE STANDARDS - MARCH 2019**

**Discussion:**

Kerry Phillips enquired if Council proposes to engage an additional Work Health and Safety resource to assist with reviewing the Safety Policies and Corporate Standards. Officers advised that Executives have recently endorsed the recruitment of a temporary resource to assist with this review.

**Officer's Recommendation:**

That the Committee receive and note the report.

**Decision:**

The Committee endorsed the Officer recommendation.

**5.3. ICT REPORT - MARCH 2019**

**Discussion:**

The Chairperson considered that it is positive that the organisation has a new resource on board in the Strategic ICT area and commented that he was impressed with the customer focus and strategic approach presented in the report.

Sandra Collins advised that she also valued the report, and suggested that for future reports there would be benefit in including:-

1. The dollar value of projects;
2. Additional comments on what has caused the time issues for projects with amber highlights;
3. Additional comments included for those projects that aren't tracking well.

Cr. Hansen made enquiries on the timeline for the launch of the updated website which is currently scheduled for April 2019, and sought advice on the investigation into the options for consolidating Council's four primary software platforms.

Kerry Phillips expressed her appreciation for the quality of the report presented and suggested that as the report provides a very good overview of activities for the prior 3 month period, there may be benefit in the Committee receiving a further strategic update in 6 months time. The meeting endorsed the suggestion.

Stephen Coates commented that a team of 12 people is quite large to support a workforce of 640 people and he raised a number of queries on whether there has been an assessment done on the scope of current responsibilities of the ICT team and whether those responsibilities are best achieved / allocated to internal ICT resources or whether there are better delivery models. Stephen also made enquiries on the ICT total spend. Council's Manager Strategic ICT provided advice on the queries raised and provided information on how the ongoing assessment of the ICT service models is being reviewed and how current service delivery responsibilities are being managed through staff KPIs.

**Officer's Recommendation:**

It is recommended that the report be noted.

**Decision:**

It was agreed to request that a further Strategic ICT report be presented to the Committee in September 2019.

**5.4. CAPITAL PROJECTS**

**Discussion:**

The following queries, comments and feedback were discussed by those in attendance:

1. The meeting noted that of the 200 capital projects proposed in the 2018/19 budget approximately 125 of those will be delivered with 75% of the capital works budget anticipated to be spent in the current financial year. The balance proposed to be rolled over to future budgets. Officers advised that the restructure and the inability/delays in securing appropriately qualified project management staff have been contributing factors in the delays in delivering the full capital works program.
2. Members noted that in recent years Council has a history of rolling over projects, or parts of projects, into following financial years, which has generally been as a result of additional unforeseen works arising during the course of the year (ie. flood restoration, Works for Queensland, and the like) or as a result of projects being programmed in a single financial year when practically a longer timeframe is required to complete the works.
3. Kerry Phillips commented that Council needs to be aware of the potential reputational damage that can arise from Council not delivering on what it has committed to in its budget.
4. Kerry Phillips also made enquiries around what impact carrying over projects will have on the water and sewerage price path. The General Manager Finance Governance and Risk advised that Council has adequate cover in its price path to manage the financial implications of project delays.
5. Sandra Collins enquired if in the process of assessing which projects will be delayed has Council applied a risk management approach to ensure that those projects that may be critical to mitigating risk have been prioritised over less critical projects. The General Manager Strategic Asset Performance provided a briefing to members on how the determinations had been managed which was an assessment against multiple criteria.
6. Sandra Collins advised that there is a number of local professionals skilled in project management who contract their services and she suggested that Council may wish to consider engaging short-term project managers to assist in delivering some of the delayed projects if Council is having difficulty in filling permanent project management roles.
7. Sandra Collins also made enquiries on the impacts that delayed projects/expenditure will have on sustainability ratios. The General Manager Finance Governance and Risk provided a detailed response.
8. Cr. Goodluck made enquiries on how much of Council's capital works project is delivered through day labour. The Acting General Manager Operations advised that approximately \$10M of projects are delivered through Council's day labour and the projects are spread across the full working year with day labour crews also working on operational works.
9. Officers briefed members on the new project management/works scheduling system that should be fully implemented by the end of financial year. This will allow Council to more accurately plan and schedule works. Initially Council aims to program the 2019/20 and 2020/21 financial years program into the system. Then progressively add another year's program until a rolling 5-year plan is achieved. This will develop as our understanding of asset condition and associated repairs/maintenance and renewal needs mature over the coming years. It will also provide a tool for Council to assess if it can do more works inhouse via day labour.

**Officer's Recommendation:**

That the information report be noted.

**Decision:**

The Officer Recommendation was endorsed.

## **5.5. QUARRY OPERATION UPDATE REPORT**

**Discussion:**

Members commended Officers on the quality of the report. The meeting had a lengthy discussion on relevant issues including:

- The trigger point for a gravel extraction site to move from a 'borrow pit' to a 'quarry' is when the material extracted from a site exceeds 5,000 tonnes per annum.
- Under the Environmental Protection legislation all gravel extraction sites (both borrow pits and quarries) need to be managed and rehabilitated. The bulk of the costs contained in the report relate to environmental management and rehabilitation of the sites, rather than costs that arise as a direct result of a site being classification as a 'quarry'. Once a pit becomes a quarry there are extra legislative requirements that apply in terms of having a nominated Site Senior Executive (SSE), Quarry Administrator, Quarry Supervisor and other operational positions.
- Some meeting participants questioned the need for the program to be delivered over a 5-year period and suggested that Council may wish to consider extending that out to a 10 year or greater plan in the interests of spreading the costs. Sandra Collins advised that if it can be demonstrated (ie. through monitoring and maintenance plans) that Council is managing a site so that no adverse environmental impacts are occurring, Council would not need to rehabilitate sites in the short term and the additional benefit from this approach is that Council also retains the right to use the site should the need arise in the medium term.
- Stephen Coates suggested that the report would benefit from including the tonnage take from respective pits and the associated dollar value. The Acting General Manager Operations advised that Council would extract 60,000-70,000 tonnes per annum at a value of approximately \$18 per tonne.
- Cr. Goodluck enquired on what other local governments are doing in this space and he suggested that Officers make some enquiries with neighbouring local governments.
- Members discussed the current approach of the Environmental Protection Agency noting that the Gladstone area office is currently very focussed on compliance monitoring.
- Members also made enquiries around the financial position of Council's Rehabilitation Reserve which currently has \$1.7M set aside for rehabilitation works across Council's full scope of operations.

**Officer's Recommendation:**

That the Business Improvement Committee note the report and recommend it to be presented to the Councillor Information Session to be held on 9 April 2019.

**Decision:**

The Committee endorsed the Officer recommendation.



## **5.6. CONTRACTS AND PROCUREMENT REPORT**

### **Discussion:**

The meeting discussed the report, noting the following information:

1. The significant level of progress against the KPIs in the framework.
2. Members advised that in future reports they would be interested to see what the benchmarks/baseline is for the key performance indicators presented in the report.
3. In relation to the centralised contracts register, Sandra Collins enquired on what the proposed completion date is for this work. Officers advised that the 30 June 2019 is the proposed completion date. Kerry Phillips suggested that the finance team may be a valuable source of information for identifying particularly the long standing contracts that Council may have in place based on her experience in this area.
4. Cr. Goodluck made some enquiries around the contract price negotiation process and the reporting available from Council's website. Officers advised that in relation to the information published on the website, Council is only required to publish information on contracts above \$200,000. Cr. Goodluck advised that from a Councillor perspective it had been valuable seeing information on all contracts and the split of that expenditure between local and non-local contractors. It was suggested that Officers could make this information regularly available to Councillors via Council's information sessions.

### **Officer's Recommendation:**

It is recommended that the Business Improvement Committee endorse the progress made on the action plan and KPIs relating to the improvement of contract and procurement performance across Council, in accordance with the 2018/19 Operational Plan and for the control of risks associated with contracting and procurement activities.

### **Decision:**

The Committee endorsed the Officer recommendation noting that the Councillor Members on the Committee requested that Officers prepare regular reports to Councillor information sessions on all contracts including information on local and non-local expenditure. In addition, future reports to the Committee to include the benchmark/baseline information that Officers are reporting against –  
Action Officer: Manager Contracts and Procurement.

## **5.7. PEOPLE SERVICES REPORT**

### **Discussion:**

The meeting worked through the report with the following key points discussed:

1. Stephen Coates raised concerns on the high number of employees that have greater than 8 weeks leave. Officers advised that this issue is being actively managed and has been significantly reduced over recent years. Stephen Coates advised that other Councils he has worked with have had success in managing this issue by regularly raising it at work team meetings ensuring that the focus on Council's position is kept front of mind with staff.
2. Kerry Phillips raised concerns that 50% of Council's workforce have less than 5 years of service. Whilst having a good level of workforce renewal can at times be a healthy attribute it also means that half of Council's workforce does not have a deep understanding of local

government which can leave the organisation vulnerable. It was suggested that Officers need to be mindful of this particularly in its compliance activities.

3. Sandra Collins suggested that in future reports Officers may wish to use a larger font on some of the graphs as the information had been difficult to view.
4. Cr. Goodluck made enquiries on whether there are strategies developed to replace the 13% of the older workforce over 60 years of age who will likely be retiring in the future. Officers outlined the current strategies that are being developed to not only manage the pending retirement of the older workforce, but to also manage the risk of injury as workers age through into retirement.
5. It was suggested that in addition to the gender distribution statistic, it may also be useful to include a gender / pay scale statistic to get an understanding of whether there are equality issues in relation to the value of wages/salaries on a gender basis.
6. The meeting also discussed whether an assessment has been done on the organisational redesign in terms of establishment positions verses current positions in the structure. The Chief Executive Officer advised that Council's senior managers have workshops planned where this will be examined along with a number of other matters arising out of the organisational redesign process.

**Officer's Recommendation:**

That the People Service report providing an update on the activities of the People Services Section and Human Resources statistics be received and noted.

**Decision:**

The Committee endorsed the Officer recommendation.

**5.8. WORK HEALTH AND SAFETY ANNUAL REPORT 2018**

**Discussion:**

Members made a number of enquiries regarding:

1. The audiometry monitoring program.
2. Drug and Alcohol Testing.
3. The Lost Time Injury Statistic - Members noted Officers' advice that Council will in the future be using the industry standard formula based on 1 million-man hours.
4. The Incident Management System - Kerry Phillips noted the report content regarding the loss of some functionality in the LOGOSS incident reporting system when the program had been updated to version 3. She enquired if consideration had been given to rolling the program back to Version 2 until such time as Council completes its considerations on what software will be utilised into the future. Officers advised that this time, Council is investing its resources in assessing new software systems.
5. The timing of a follow up Independent Safety Audit - Officers advised that LGM are not in a position to carry out a further independent audit in the short term.

**Officer's Recommendation:**

That the report be received.

**Decision:**

The Committee endorsed the Officer recommendation.

## **6. FINANCE REPORTS**

### **6.1. PROGRESS REPORT ON THE 2017/2018 FINANCIAL STATEMENTS AND ADOPTION OF THE ANNUAL REPORT**

**Discussion:**

Members expressed their disappointment in the late receipt of the supplementary agenda which contained the following documents:

- (a) The final Annual Financial Statements for the year ending 30 June 2018;
- (b) Queensland Audit Office 2018 Closing Report to the Business Improvement Committee 18 March 2019;
- (c) Queensland Audit Office 2019 External Audit Plan.

Officers apologised for the late circulation of the supplementary agenda. It was noted that significant effort had been put in by all parties, Council, William Buck and the Queensland Audit Office to finalise the documents for the meeting. Members noted that should they have any further specific questions on the financial statements or closing report after today's meeting, they can direct those enquiries through the General Manager Finance Governance and Risk and a response will be provided as quickly as possible.

The meeting discussed the final 2017/18 financial statements, noting that the major change had been in depreciation costs with an overall \$5.53M adjustment. This was as a result of issues arising out of asset value errors tracked back to the 30 June 2017 valuation, with a further minor change required as a result of asset changes from the "single source of truth" exercise. Overall a change of asset values of \$160M (at 30 June 2017) resulted in a nett \$5.53M depreciation adjustment. There was no impact from the \$100M adjustment at 1 July 2016. This depreciation adjustment was material as the impact on profit or loss was over the materiality threshold of around \$4M and the PPE adjustment of \$260M was also material as it was over the \$40M asset threshold. Kerry Phillips posed the question of whether ratepayers were financially penalised as a result of these adjustments, particularly in respect to the 2016 depreciation values. Officers considered that there was no significant reliance on the depreciation costs in the formulation of the 2017/18 financial year's budget therefore they did not consider that ratepayers had been unjustly penalised.

The meeting discussed the reputational risks to Council associated with these types of financial issues and associated delays in the preparation of financial statements. Members sought assurance from Officers that there won't be similar delays in the development of the coming and future years financial statements. Officers advised that the work being done on the Asset Data Project and the foundation information established as part of this year's financial statement process should minimise the risk of any future delays. William Buck reported that they are working closely with Council and are confident that both Council and Audit are on top of relevant issues which will ensure matters get addressed quickly.

Members discussed the refusal by the Minister for Local Government of Council's application for an extension of time to finalise its 2017-18 General Purpose Financial Statement Audit and Annual Report. The meeting noted that the delays associated with Council completing the Audit and Annual Report will attract a mention in the report that is tabled in Parliament. This may have reputational impacts for Council and it has caused delays in the receipt of some grant money. Kerry Phillips enquired if Council had been granted the extension would it have ameliorated the impacts of the Parliamentary Report. Members were advised that the impact would have been Council would have attracted an 'amber light' in terms of timing for the audit / annual report, if they met the changed deadline, instead of a red light. The meeting noted that following the preparation of the report to Parliament, organisations have a 21 day period to comment on the draft prior to it being tabled in Parliament.

**Officer's Recommendation:**

That the update on the finalisation of the 2017/2018 Annual Financial Statements and the adoption of the Annual Report be received and noted.

**Decision:**

The Committee endorsed the Officer Recommendation.

**6.2. MONTHLY FINANCIAL REPORT FOR PERIOD ENDING 28 FEBRUARY 2019**

**Officer's Recommendation:**

That the attached report be received and noted by the Business Improvement Committee.

**Decision:**

The Committee endorsed the Officer recommendation.

**7. ASSET MANAGEMENT**

**7.1. ASSET MANAGEMENT SYSTEM UPDATE**

**Discussion:**

Members had a number of questions in relation to aspects of the report, in particular:

1. Sandra Collins questioned in relation to the twenty-seven ISO55001 elements, how the balance of the elements can be effectively completed if Element 4.2 "Understanding the needs and expectations of stakeholders" is not first completed. Officers advised that there is a very good understanding of stakeholder needs and expectations generally, however, the element is marked red as there is still some work to be done in determining the interface aspects of the system.
2. Stephen Coates queried why Element 5.1 "Leadership and Commitment" has a yellow indicator. Anna Scott reported that there is a strong commitment from leadership to the asset management process. The indicator is yellow as senior management are still in the process of completing the proposed online videos that will be rolled out to staff that contain key messages and leadership commitments to asset management. Members enquired if they could obtain a copy of the presentations being rolled out to staff once complete.

3. Stephen Coates questioned how Council can achieve ISO55001 accreditation in asset management if it is proposed not to include ICT and Fleet in its asset management plan. Officers advised that ISO55001 allows the asset management framework to define its scope, which in this instance will not include ICT and fleet. The view that the organisation has taken in relation to excluding ICT and Fleet, is that these assets are 'enablers' in the provision and maintenance of other assets or in the provision of services. They perform a function in achieving Council's overall objectives, but do not necessarily become long term community assets that residents of the region will use.

**Officer's Recommendation:**

It is recommended that the update be noted.

**Decision:**

The Committee endorsed the Officer's recommendation noting that the Business Improvement Committee be provided with a copy of the Asset Management presentations once complete – Action Officer – Ashleigh Tomkins.

## **7.2. ASSET DATA UPDATE REPORT**

**Discussion:**

The Chairperson commended Council for resolving to allocate additional resources in the short term to ensure that the Asset Data Project can be completed as quickly as possible.

Members made a number of enquiries on the report and were satisfied with the Officer response. Matthew Monaghan supported the proposed approach to the asset valuation methodology proposed for the 2019/20 financial statements which will reference Council's current valuation methodology.

**Officer's Recommendation:**

It is recommended that the report is noted.

**Decision:**

The Committee endorsed the Officer recommendation.

## **8. RISK MANAGEMENT**

### **8.1. RISK MANAGEMENT REPORT**

**Discussion:**

The meeting worked through the Officer presentation - Addendum 1 to the minutes. Members made a number of enquiries on the Risk Management report and presentation, including:

1. Sandra Collins enquired if internally project managers for the 5 top projects, engage with the Risk Specialist to risk assess the projects in the planning stages and develop contingency plans should they be required? The Risk Specialist advised that she does do an assessment of the documentation and contracts when requested and is a resource for project teams throughout the life of the project.

2. Stephen Coates questioned some of the risk line items, in particular, the treatment of the asbestos risk. He commented that if Council has treatment plans in place, he would expect that the residual risk for asbestos to be less than extreme as currently shown in the register. Officers provided the organisational position in relation to this line item.
3. Kerry Phillips enquired if Council is comfortable that its risk appetites have been established. Officers advised that a review of this is planned.
4. Kerry Phillips advised that many Councils in their registers tend to describe a 'risk theme' rather than the actual risk. It was suggested that Officers may wish to ensure moving forward that its risk register includes actual risks.
5. Kerry Phillips also suggested that Council may wish to consider the inclusion of a reputational risk associated with the untimely, or non-delivery of planned projects and services in its register.
6. Members queried why the ICT risks had been separated from the main risk register. Officers advised that it is proposed to include the ICT risks in the main register. They have been presented in the ICT report to provide members with a more comprehensive view of strategic ICT at this point in time.

**Officer's Recommendation:**

It is recommended that the BIC note the progress update and endorse the approach to collaboratively review and revise the current Risk Management Policy and Corporate Standard to allow for an integrated approach across Council for the management of strategic, operational and project related risks.

It is recommended that the BIC endorse the proposed Risk Management Governance Framework to allow the review of the Risk Management Corporate Standard to commence.

**Decision:**

The Committee endorsed the Officer recommendations.

## **9. COMPLIANCE AND ASSURANCE ACTIVITIES**

### **9.1. ETHICS INTEGRITY AND AUDIT PLAN 2019/2022**

**Officer's Recommendation:**

That the Business Improvement Committee consider the draft 2019/2022 Ethics Integrity and Audit Plan and related supporting material and provide feedback to the Ethics Integrity and Audit Specialist for inclusion in the plan for consideration and approval at the June 2019 Business Improvement Committee Meeting.

**Decision:**

The Committee endorsed the 2019//2022 Audit Plan, noting that no additional inclusions were suggested.

### **9.2. COMPLIANCE AND REPORTING ACTIVITIES**

**Officer's Recommendation:**

That the report be received and noted.

**Decision:**

The Committee endorsed the Officer recommendation.

**9.3. PROGRESS REPORT ON COMPLIANCE AND AUDIT  
RECOMMENDATIONS – IN ACCORDANCE WITH SECTION 207(3) (B) OF  
THE QUEENSLAND LOCAL GOVERNMENT REGULATION 2012**

**Discussion:**

The meeting did not support the request for an extension of time for actioning the Confined Space Register from the Work Health and Safety Audit Report 2017. It was suggested that this action was assessed as a high risk and therefore an extension of time to complete the task increases the organisation's risks. Officers advised that the Executive Team support the view of the Committee and have not granted the extension of time as requested.

Committee guidance was sought on future report content. It was agreed that Executive Summaries be presented in future reports with links to the full reports for Members to examine issues in more detail as required.

**Officer's Recommendation:**

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

**Decision:**

The Committee endorsed the Officer recommendation subject to Officers noting the Committee guidance provided.

**9.4. ETHICS INTEGRITY AND AUDIT REPORT**

**Discussion:**

Members considered it timely to remind Officers to be aware of the separation of powers required when assisting in establishing a compliance regime and the auditing of the activity.

**Officer's Recommendation:**

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

**Decision:**

The Committee endorsed the Officer recommendation.

**9.5. COMPLIANCE REPORT**

**Officer's Recommendation:**

That the report on compliance breaches, fraud and reportable/material losses be received and noted.

**Decision:**

The Committee endorsed the Officer's recommendation.

## **10. EXTERNAL AUDIT**

### **10.1. REPORT FROM EXTERNAL AUDIT REPRESENTATIVES**

**Discussion:**

Matthew Monaghan enquired if members had any additional questions or queries that had not already been raised in the prior discussion on the 2017/18 financial statements.

Kerry Phillips enquired if Officers propose any significant revaluations of asset classes in the next financial year. Officers advised that there will be no comprehensive revaluations undertaken in the next financial year. Council proposes desktop revaluations only.

Stephen Coates noted that the issue of a meeting of the Business Improvement Committee for the purposes of clearance of the final Financial Statements as contained in 2019 External Audit Plan tabled in the supplementary agenda had already been discussed with the Committee to schedule a teleconference for the 11 October 2019 at 10am.

Chantelle Hanna from the Queensland Audit Office drew Members attention to the fraud alert regarding attempted external party payroll fraud emerging in the Queensland public sector where scammers contact public sector payroll sections and request changes to senior executive bank account details for the payment of wages. Officers advised that Council is aware of this attempted scam and have appropriate controls in place. The meeting also discussed the controls currently in place in relation to attempted creditor fraud.

**Officer's Recommendation:**

That the update presented by External Audit, William Buck, be noted.

**Decision:**

The Committee endorsed the Officer recommendation.

## **11. SELF-DEVELOPMENT**

Kerry Phillips reported that she has been engaged by Rockhampton Regional Council to carry out work on the Council's Asset Revaluation Process.

Members also noted that by Kerry Phillips and Stephen Coates have been appointed to Livingstone Shire Council's Audit and Risk Management Committee.

Stephen Coates advised that he has been appointed to the Institute of Internal Auditors - Global and as part of the work of the Institute he will be involved in a review and update of the Standards in relation to Fraud Risks.



## **12. COUNCIL REFERRALS**

There were no referrals from Council.

## **13. GENERAL BUSINESS**

The Chief Executive Officer provided a verbal report on the following matters:

1. The recent changes to Council's Executive Team.
2. The proposed review by the Executive Team and Council of the organisational redesign transformation program to assess the alignment and deliverables against the objectives of change including an assessment of benefits and any recalibration that may be required.
3. Proposed legislative changes to the Local Government electoral arrangements.
4. A specific legal matter.

### **Officer's Recommendation:**

That the information be noted.

### **Decision:**

The Committee noted the verbal report provided.

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

### **14.1 CLOSED SESSION - AUDIT REPRESENTATIVES**

Council's management representatives left the meeting at this point and the Committee had a closed session with internal and external audit to discuss any matters that the Committee or audit representatives wished to raise.

### **14.2 NEXT MEETING DATE**

The next meeting of the Committee is scheduled for **Wednesday 26 June 2019**.

Members also noted that they are scheduled to attend a Councillor Information Session to discuss Committee business with all Gladstone Regional Councillors on **Tuesday 23 April 2019 at 10am**.

### **14.3 MEETING CLOSE**

There being no further business the Chair closed the meeting.

**THE MEETING CLOSED AT 1.46PM**

**CERTIFICATION**

I hereby confirm that I have read the minutes and they are a true and correct record of the proceedings of the meeting. I certify that these 32 pages form the official copy of Gladstone Regional Council Business Improvement Committee Meeting Minutes of the 20 March 2019.

.....  
Ross Cook (Chairperson)

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



# **Risk Management**

**Business Improvement Committee**

**20 March 2019**

*Region of Choice*



## Review

- Completion of internal risk survey – 94% response rate
- Meetings with Leaders – 65% held to date
- Identify members of risk networking group - **Completed**
- Consolidate and provide feedback and proposed workplan to Executive (ongoing) - **Completed**
- Key milestones proposed – 12 month plan - **Completed**



## Key messages



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# What is Enterprise Risk Management



Leadership – Commitment and Capability

Managing Risk

Continuity  
Recovery

Loss

Opportunity

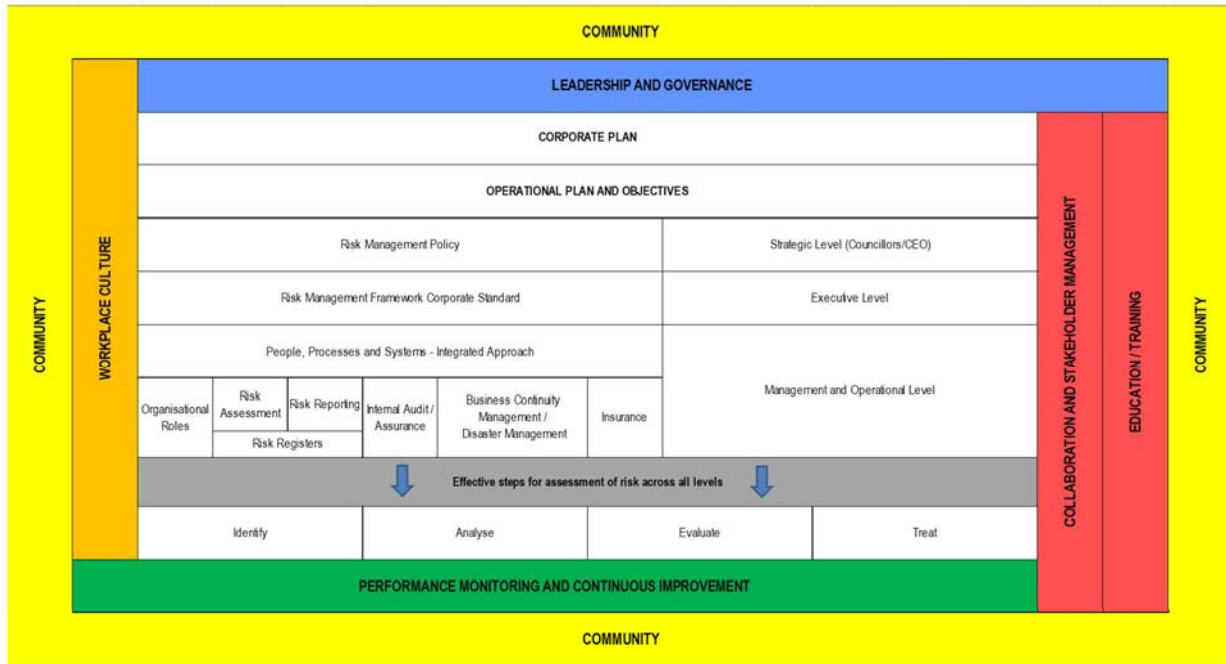
Disruption

Compliance  
Assurance  
Insurance



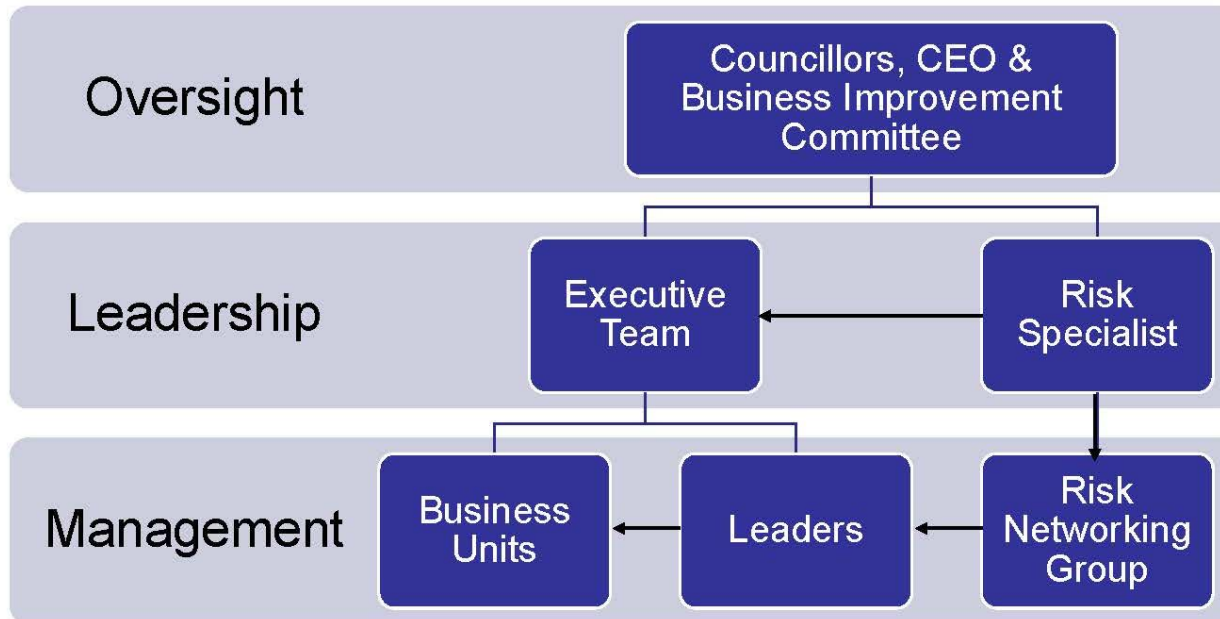


# Risk Management Framework





## Risk Management Governance







## Risk Management Strategy

*Focusing Question – How do we embed risk management throughout Gladstone Regional Council?*

### Where are we now:

#### Operating Environment

- Silo approach to the management and ownership of risk resulting in defragmented decision making
- Risk management focuses on the mitigation of perceived or calculated losses and does not embrace risk to identify and progress opportunities
- New executive team wanting to be visible to employees to understand their needs and concerns
- New structure focused new leadership capabilities of Leaders

#### Systems in Focus

- TechOne is currently utilised for the management of Council's risk registers and risk treatment plans
- The lack of flexibility around reporting makes it difficult to analyse the current overall position of risk to identify trends, highlight critical risks and changes to risk ratings/control plans, or just generally measure the risk profile, tolerance measures and risk appetite

#### Challenges and Opportunities

##### Opportunities for improvement are:

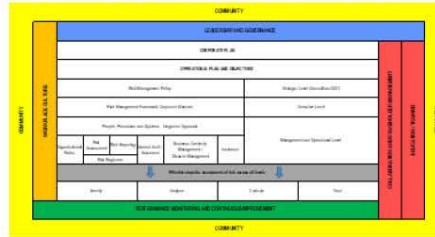
- Implement an integrated enterprise wide approach to risk
- Increased horizontal and vertical communication allowing better collaboration of risk
- Consistent and regular approach to training and reinforcement of strategy
- We need risk to be part of our conversation, our culture

##### However, there are challenges to do this:

- Another change being "delivered" to employees – change fatigue
- Building trust with the workforce to see the benefit
- Management of expectations across all levels – sell the benefit

### What do we do when we get there:

#### Enterprise Risk Management Framework



### How will we make this happen:

#### People

- Put risk on the agenda
- Establish Risk Management Networking Group
- Conversations and consultation among stakeholder is paramount to subconsciously embedding risk through Gladstone Regional Council
- Build knowledge and capability
- Implement Contractor, Volunteer and Customer Management Plans

#### Performance

- Implement Reporting & Profiling Dashboards

#### Equipment

- Utilise technology to provide up to date risk reporting and profiling
- Continue ongoing knowledge and education upskilling of employees

#### Process

- Review current Policy and Corporate Standard
- Implement Enterprise Risk Management Framework
- Implement Strategic, Operational and Project risk processes and reporting
- Ongoing monitoring and education at all levels

### Building Resilience through Risk Intelligence

Connect. Innovate. Diversify.

### Where do we want to be?

#### Mission

Risk Management naturally forms part of our planning and decision making to prevent harm, mitigate against loss and realise opportunities. Our commitment to managing risk is reflected in our knowledge, decisions and outcomes

#### In 12 months:

- Revised Risk Management Framework
- Gladstone Regional Council will have active and visible commitment by its Leaders to the management of Risks

#### In 3 years:

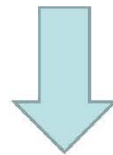
- Risk Management is subconsciously embedded throughout all levels of the organisation
- Risk Reporting and Profiling is proactive and utilised across Strategic, Operational and Project areas

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# Risk Matrix & Corporate Plan Alignment

Definition of likelihood - To be reviewed for revised document	Likelihood	Consequence				
		Insignificant	Minor	Moderate	Major	Catastrophic
The event is expected to occur	<b>Almost Certain</b>	Medium	High	Extreme	Extreme	Extreme
The event will probably occur	<b>Likely</b>	Low	Medium	High	Extreme	Extreme
The event may occur	<b>Possible</b>	Low	Medium	High	High	Extreme
The event will probably not occur	<b>Unlikely</b>	Low	Low	Medium	High	High
The event would only occur in exceptional circumstances	<b>Rare</b>	Low	Low	Medium	Medium	Medium



Does current appetite allow corporate plan delivery?

**Connect. Innovate. Diversify.**





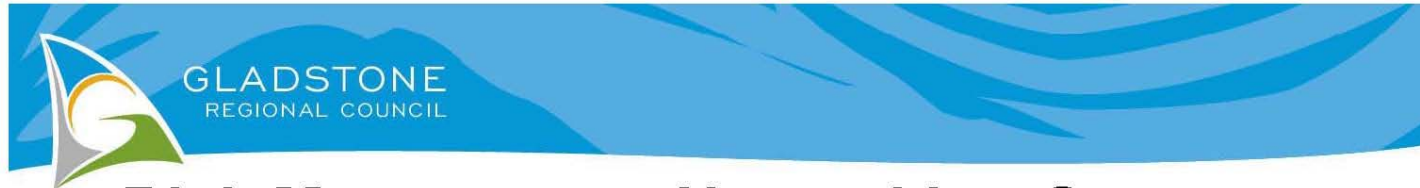
# Risk Management Network





## Risk Management Network

- Building blocks to resilience through:
  - Collaboration
  - Alignment of key objectives
  - Management of cross functional risk
- Positive Cultural Impacts
- Enable strong links to compliance and assurance activities – **3 lines of defence**



# Risk Management Networking Group – 2019 Workplan

Key Activity	Responsibility	2019											
		February	March	April	May	June	July	August	September	October	November	December	
1 Establish Risk Management Networking Group	RS		Completed										
2 Hold first Risk Management Networking Meeting	RS, RMNG			Commenced									
3 Review and Approve Risk Management Policy	RS, Exec, Councillors			Yet to Start	Yet to Start								
4 Develop and approval of Risk Management Strategy	RS, RMNG, Exec			Yet to Start	Yet to Start								
5 Review Risk Management Corporate Standard	RS, Exec, CEO					Yet to Start	Yet to Start						
6 Review Quarterly Reporting, Risk Register format across Strategic, Operational and Project Levels	RS, RMNG, Exec							Yet to Start	Yet to Start				
7 Develop learning and development program for new and existing staff	RS									Yet to Start	Yet to Start		
8 Implement revised reporting and risk registers across Council	RS									Yet to Start	Yet to Start	Yet to Start	

Completed  
Commenced  
Yet to Start



## Focus areas

- Asset Management
- Records Management/Systems
- Project Management
- Safety
- Contractors
- Contracts and Procurement
- Ethics and Integrity
- Succession Planning
- Organisational and Role Design



## Approach

- Agree to Risk Management Strategy
- Establish a Risk Management Networking Group of “risk champions” for consultation and collaboration
- Review of current Risk Management Policy and Corporate Standard
  - Best Practice Research (ISO31000 / Industry benchmarking)
  - Consultation
- Implement Enterprise Risk Management Framework
- Educate and engage our workforce



## Building Resilience through Risk Intelligence



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