



MINUTES OF A BUSINESS IMPROVEMENT COMMITTEE MEETING OF
GLADSTONE REGIONAL COUNCIL

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

ON **27 JUNE 2018** COMMENCING AT **9.00AM**

PRESENT

Ross Cook (Committee Chair & Business Improvement Committee External Appointee)
Kerry Phillips (Business Improvement Committee External Appointee)
Cr Rick Hansen (Councillor)
Cr Kahn Goodluck (Councillor)

OTHERS IN ATTENDANCE

Officers

Roslyn Baker, Chief Executive Officer
Mark Holmes, General Manager Finance Governance & Risk (by telephone link)
Brooke Saunders, Manager Governance and Risk (Temp)
Richard Pegg, General Manager People Culture and Safety
Megan Abt, Acting Senior Internal Auditor
Bruce Holmes, Procurement Coordinator
Ashleigh Tomkins, Senior Engineer Asset Management
Anna Scott, General Manager Strategic Asset Performance
Alison Jones, Contracts Coordinator
Rowena Smallcombe, Organisation Redesign Team
Shelley Penrose, Commercial & Risk Officer
Robyn Cathcart, Customer Service Officer (Minute Taker)

External Representatives

Jenelle MacGregor, Queensland Audit Office (by telephone link)
Matthew Monaghan, William Buck, External Audit (in person)

Observers

Peter Billing, General Manager Operations
Cr Desley O'Grady

Chairperson Initials:

1.0 APOLOGIES

Carolyn Eagle (Business Improvement Committee External Appointee)
Vicky Hankinson, Governance Advisor
Cr PJ Sobhanian (Councillor)
Nerrilynne Taylor, Coordinator Finance & Risk

Brooke Saunders noted she will be stepping out for a period from 10am

2.0 DECLARATION OF CONFLICTS OF INTEREST

Cr Hanson declared that he is a Council appointed representative on the Gladstone Airport Corporation.

No further conflicts.

3.0 CONFIRMATION OF MINUTES 22 MARCH 2018

The meeting resolved to accept the Gladstone Regional Council Business Improvement Committee Meeting Minutes of the 22 March 2018.

4.0 BUSINESS ARISING FROM PREVIOUS MEETINGS

4.1 OPEN TASKS REPORT

Members noted the Open Tasks Report.

Water Meter Readings – The Internal Auditor has been liaising with the Rates team and it has been identified that this item can be actioned. Three cycles of data is available for analysis.

The committee agreed that water usage analysis is an important mechanism to mitigate fraud risk and should continue.

5.0 OFFICER REPORTS

5.1 PROGRESS REPORT – WORK HEALTH AND SAFETY AUDIT ISSUES

General Manager People Culture and Safety advised of the following:

- Items have been updated in the safety audit and the safety management plan is now signed off;
- We are creating reference committees for development and review of procedures for front line staff. Dashboards and reports are being developed, and we are working on changing the structure of the data to allow reporting to become more detailed;
- Currently piloting a program in Western and Central Roads teams - “*Take Time for Safety*”. We will be obtaining feedback prior to further roll out in July;
- All seven members of the executive team will be attending a different location every month doing a safety visit and inspection, talking to employees, discussing risks etc;

- The last safety audit was undertaken four years ago. The next safety audit will be undertaken within 12 months. The audit schedule is in the safety management plan. The Chief Executive Officer noted that she now reviews every safety incident logged.

The Chief Executive Officer noted that there has been an absence of specific safety KPI's in the past. The Chief Executive Officer has instructed that Managers will be required to report on comprehensive safety KPI's in an effort to drive positive behaviours.

The Chief Executive Officer noted that no safety behaviour programs have been run in the past and she would like to introduce this.

Cr Hanson noted that during the last six months, safety has been heading in right direction, and he applauds the entire team for this.

5.2 ASSET MANAGEMENT PROGRESS REPORT

The Senior Engineer Asset Management advised that over the last quarter, asset management has progressed. A timeline has been developed to facilitate the achievement ISO55001 accreditation. Based on this a detailed 12 month plan will be formed, with resources and actions allocated.

A number of areas have been progressed including scoping of the Asset Management System with the executive team, as well as drafting an Asset Management Policy. The Policy will be presented to Council once the Corporate Plan is adopted – these two documents need to be aligned.

The Water Services asset management plan is now in final draft and is reaching a point where they are being rolled out into the water service business.

Kerry Phillips stated the Asset Management Policy has a number of key points which are generally quite good, however she is concerned that the Policy is silent regarding the customer. Service levels expected and required by the customer will warrant consideration. The strategic intent is there, we need to translate that more effectively into the Policy.

With the implementation of the new structure, there will be more focus on the area of asset management. Council does not anticipate a lengthy delay before positions are filled, it is hoped the recruitment process will be completed by 9 August.

Asset management awareness training will be delivered soon after internal stakeholders are appointed into roles.

The Chief Executive Officer commended Ashleigh Tomkins for his good work on asset management to date, she is very encouraged by the progress achieved so far.

There were discussions around the following points:

- Centralisation of functions and services across Council eg purchasing, IT, training and others;
- Aggressive timeline for progressing asset management;
- Mapping strategies for potential asset failures.

Kerry Phillips noted that she is concerned about the long standing audit issue on action items.

Cr Goodluck sought clarification on the 350 day plan for the asset implementation plan – this was confirmed by Ashleigh Tomkins as correct and achievable. Ashleigh Tomkins noted that some time may be required after the project to ensure and demonstrate that asset management is embedded within the business prior to accreditation.

5.3 PROCUREMENT QUARTERLY REPORT

Bruce Holmes, Procurement Coordinator gave an overview of the contents of his report.

There was discussion around the lack of planning, leading to purchasing items after the fact; and that this adds cost to the organisation. The restructure, including better project planning and asset management, should improve this greatly.

The Chief Executive Officer advised that accountabilities will be introduced and measured. There will be much more transparency and accountability around the cost of getting jobs done.

Bruce Holmes advised that the Regional Procurement Group is moving forward, there is a draft document on how the parties will work together. By working together, we can better understand local buy contracts, CMDG Corporate Standard. The next meeting is scheduled for Thursday 5th July. It is anticipated that Longreach, Banana, Rockhampton, Livingstone and Bundaberg Councils will all participate.

5.4 CONTRACTS QUARTERLY REPORT

Of the tenders awarded, the numbers were higher for local contractors rather than non-local contractors this quarter.

Work is being done on producing a Procurement Policy and this will be presented to the next council meeting.

Cr Goodluck requested that the purchasing/procurement information available on our website be kept up to date. Specifically, the information is “Contracts Awarded Greater Than \$200,000” and “Offer Register” – this contains information in terms of local versus non local and spend amounts.

ACTION ITEM:

No.	Item to be Actioned	By Whom	By When
5.4.1	Ensuring purchasing/procurement information available on our website be kept up to date	General Manager Operations	Ongoing

Chairperson Initials:

5.5 REVIEW OF BUSINESS IMPROVEMENT POLICIES

The Business Improvement Committee Policy requires review, the due date was 7 April. The Business Improvement Function Policy is due November 2019. It would be preferable to align the review of these two documents. Feedback on the policies was sought from the Committee.

Jenelle MacGregor –the Business Improvement Committee Policy she felt the words “Fraud Control” should be expanded to be “Fraud and Corruption Control”.

ACTION ITEM:

No.	Item to be Actioned	By Whom	By When
5.5.1	<ul style="list-style-type: none"> Change the wording of “Fraud Control” to “Fraud and Corruption Control”; Update the document footers to reflect the correct name of the Chief Executive Officer. 	Governance Advisor	Prior to Next BIC Meeting 12.09.2018

Business Improvement Policy Item 6.4 Membership – Councillor Appointments – the Policy states a rotation of representatives with a mixture of new and experienced Councillors where practical. Cr Goodluck asked when do we reassess if there should be a rotation of members on the committee and stated we need to be mindful of timeframes, using the review of the Policy is not a reliable or timely trigger.

ACTION ITEM:

No.	Item to be Actioned	By Whom	By When
5.5.2	Make “review of Councillor appointments/ memberships” a standard Agenda Item	Governance Advisor	Next BIC Agenda 29.08.2018

5.6 ANNUAL REPORT ON BUSINESS IMPROVEMENT COMMITTEE ACTIVITIES FOR COUNCIL

Ross Cook wished to personally thank Vicky Hankinson for supporting him so ably. She prepares this report and always ensures that this report covers all aspects and requirements of the charter.

Ross also had many thankyou’s which he would like noted in the minutes. He feels there is a great buy in by Committee Members and he would like to thank the following – Asset, Risk, Procurement and ICT Officers who attend and provide excellent reports, the outstanding Finance Team, the Chief Executive Officer who brings great depth of knowledge and understanding to the team, the Senior Executive Officers who attend and provide input. The Committee Members themselves – we are blessed to have such great contributors. Also, the internal and external audit functions – the very reason for our existence. Council has a great working relationship with the external audit function and it is a pleasure to be involved with this committee.

5.7 BUSINESS IMPROVEMENT COMMITTEE AND COUNCILLOR SURVEY – DETERMINE FORM AND CONTENT

It was felt that the BIC Self Assessment and Councillor Survey should be undertaken in the same format previously used, to enable the assessment of responses “like with like”.

ACTION ITEM:

No.	Item to be Actioned	By Whom	By When
5.7.1	<p>1. The Business Improvement Committee endorse the use of the 2016 Business Improvement Committee Self-Assessment Survey content for use in the 2018 survey.</p> <p>2. The survey be conducted using 'Survey Monkey' the web-based survey tool used by Council in conducting its organisation and community-based surveys.</p> <p>3. The following stakeholders be invited to participate in the 2018 Business Improvement Committee Self-Assessment Survey:</p> <p>(a) Business Improvement Committee Members;</p> <p>(b) Relevant Council Officers including, Chief Executive Officer, General Manager Finance Governance & Risk and Senior Internal Auditor</p> <p>(c) Representatives from External Audit and the Queensland Audit Office.</p> <p>4. A short Councillor Survey also be conducted using the same survey questions used in the 2016 Councillor Survey.</p>	Governance Advisor	Prior to Next BIC Meeting 12.09.2018

5.8 BUSINESS IMPROVEMENT COMMITTEE EXTERNAL MEMBER TENURE

There was discussion around seeking to recruit a new member to replace Carolyn Eagle who is due to leave at the end of 2018, and Ross Cook who is due to leave mid next year.

ACTION ITEM:

No.	Item to be Actioned	By Whom	By When
5.8.1	Commence recruitment for a Business improvement committee member as per the Business Improvement Policy as a replacement for Ross Cook as soon as possible, so that the newly appointed replacement can start at the December BIC meeting to commence hand over	Governance Advisor	Prior to Next BIC Meeting 12.09.2018

The Chief Executive Officer questioned who interviews for the new committee members. It was agreed that the Business Improvement Committee are responsible to conduct interviews, and a report with recommendations will be presented to Council for their final approval on any appointment. This process excludes the involvement of the Chief Executive Officer, who is not a member of the committee but rather “reports to the committee”.

There was discussion from the Chief Executive Officer as to how we will go about putting together an Asset Management Committee, and how this committee should have interplay with the BIC committee.

5.9 ORGANISATION REDESIGN PROGRESS REPORT

The new structure provides capability focus on asset management with a whole business unit set aside for strategic asset management. There is a focus on innovation and transformation. Most important to this committee is the position of Risk Specialist – recruitment for this position has commenced. There is also a stronger focus on governance with a Manager Governance and a Senior Legal Advisor.

Another focus is ethics, integrity and audit – two new positions:

- An Assurance Compliance Officer who will facilitate assurance framework and ensure legislative compliance;
- A Compliance Reporting Officer who will report on legislative compliance.
- Ethics and integrity training will be undertaken, to embed this into our culture.

Kerry asked for some information to help understand the reporting relationship of the internal audit function vis-a-vis General Manager Finance Governance & Risk and the Chief Executive Officer, and it was agreed that the Ethics, Integrity and Audit Specialist, whilst reporting functionally to the General Manager Finance Governance and Risk, held a reporting line to the Chief Executive Officer and the Business Improvement Committee.

Cr Goodluck sought clarification on closed merit positions and he was advised that closed merit recruitment was offered to those employees directly impacted by reduction in team size. He further sought information on the total redundancy “bill” and stated that we should ensure we know as much about the full cost of redundancies prior to adopting the budget. The budget meeting is scheduled to be held on 17th July.

6.0 RISK MANAGEMENT

6.1 RISK MANAGEMENT REPORT

Council continue to operate as it has in the last six to twelve months, however it was noted that there has been a bigger buy in by staff as they try to mitigate risks.

Officers are currently liaising with Jardine Lloyd Thompson to schedule a full review workshop later in the year. Dates will be in October with Councillors and Managers to attend this training.

It is hoped that by next quarter, the Risk Management Specialist should be appointed.

7.0 INTERNAL AUDIT

7.1 REVIEW OF OPEN AUDIT ISSUES

Rowena Smallcombe asked if anyone has noted anything on the open audit that they would like further clarified? She stated there are some items which are overdue, but throughout the change and transformation these will be addressed.

The Committee requested further information on why the Library cash handling open issues had not yet been finalised and were advised that documentation supporting the completion of the agreed action had not yet been accepted. The matter will be followed up by Rowena Smallcombe.

ACTION ITEM:

No.	Item to be Actioned	By Whom	By When
7.1.1	Cr Hansen noted that the library cash handling item should be closed out as soon as possible.	Senior Internal Auditor	Prior to Next BIC Meeting 12.09.2018

7.2 INTERNAL AUDIT REPORT

There was a temporary stop on internal audit for May due to unscheduled leave.

Projects under review:

- Tendering process for biosolids; and
- Mandatory requirements of position descriptions

Both projects are now up to final draft report stage.

With regards to the biosolids tendering process – overall there was a robust framework and a job well done, some small minor internal control issues but overall, this was excellent.

There was a discussion around the position description project, highlighting issues and risks that were uncovered during this project.

It appears that staff are not fully aware or understand their own financial delegations. Council is currently mapping these delegations to roles not people.

Cr O’Grady queried how many responses Council received back from the talent survey. There was a significant number of responses, and the executive team reviewed all feedback to identify what talent was available within.

Chief Executive Officer stated Council has not strategically invested in people in the past. Moving forward, centralising our training function, we want to focus on:

- Asset management training across whole of council;
- Project management;
- LEAN process development;
- Safety;
- Leadership Development.

Kerry Phillips noted that water is behind on operational spend year to date.

A fuel audit report is in process. Refuelling at Caltex rather than bulk fuel at depot is trending upwards and the cost of this to Council was discussed. Cr Goodluck asked if it would be possible to streamline the process to have a fuel card “reset” by Fleet staff, as currently, this can be time consuming. This is an internal control mechanism to keep odometer readings true and is a necessary part of our process.

It was noted that more internal refuelling options are coming on line – they will be introduced at Agnes Water, Benaraby and Boyne Island.

7.3 FRAUD AND CORRUPTION REPORT

Register of lost/missing/stolen items – it was noted that only half of these items had been reported to police. Cr Goodluck believes a standard response from Council should be that every incidence of theft be reported to Police, and further, this should be made a part of our standard procedure, regardless of what action Police will/will not take.

Chief Executive Officer is sending a message that fraudulent behaviour will not be tolerated. We would like to report internal incidents, where we know or believe we know the person involved, to the CCC and Police.

ACTION ITEM:

No.	Item to be Actioned	By Whom	By When
5.4.1	Present the register of lost/missing/stolen items to all Executive Meetings moving forward	Senior Internal Auditor	All Future Executive Meetings

Kerry Phillips – investigations and complaints – noted that there were none for the quarter and questioned how these complaints were received, monitored and recorded. The Chief Executive Officer advised that they will now be centralised under Governance and they will be recorded in a register. Details may or may not be released to the organisation due to the nature of complaints, until an investigation is complete and a finding is made. Governance may on occasion request internal audit to manage some of these investigations. The outcomes of any investigations will be reported to BIC.

Kerry Phillips noted an under delivery on the internal audit program and questioned if it may be worth seeking external assistance as a short term solution to progress this. Chief Executive Officer confirmed that she is happy to resource this if it is needed.

Kerry Phillips requested that the 2018/2019 plan be reviewed and brought back to the next BIC meeting. Chief Executive Officer stated she would like to get a specialist in to assess our risks because she feels this is currently lacking.

Once the new management team is in place, we will place a big focus on risk management and we will conduct risk workshops. There was a discussion around risk mitigation moving forward.

8.0 FINANCIAL SERVICES

8.1 FINANCIAL REPORTS FOR PERIOD ENDING 31 MAY 2018

General Manager Finance Governance & Risk summarised his report, which was noted by members.

Kerry Phillips queried the Community Wellbeing budget, noting that ordinary expenses year to date are overspent at end of May actual by \$500,000 and

requested clarification. Chief Executive Officer suggested it could be that Philip Street expenditure has been put to op-ex which should be capitalised.

ACTION ITEM:

No.	Item to be Actioned	By Whom	By When
8.1.1	Report back to next BIC meeting with specifics about the overspent Community Wellbeing budget	General Manager Finance Governance & Risk	Next BIC Meeting 12.09.2018

8.2 2017/18 FINANCIAL STATEMENT TIMELINE

8.3 VERBAL REPORT ON THE 2018/19 COUNCIL BUDGET PREPARATION AND CONTENT

Ross Cook asked for an update as to how the 2018/2019 budget is progressing. Mark Holmes gave an overview as to where they are presently at with regards to preparation of the budget, this is anticipated to be completed for distribution to Councillors by 10 July 2018.

9.0 EXTERNAL AUDIT

9.1 BRIEFING NOTE

The External Auditor identified that the unit rates used to value roads has resulted in a drop in valuations. The matter was to be discussed with the asset management and finance teams whilst the external auditor was onsite as it is critical that the valuations are accurate.

Jenelle MacGregor – new bulletins have been released, the two of interest to Council are:

- Implementation of a more streamlined system around complaints of Councillor conduct; and
- Implementation of Stage 1 of the Operation Belcarra Report – recommendations and automatic suspension of councillors.

Janelle MacGregor advised of QAO’s plans to further roll out electronic signatures on independent auditor’s reports and financial statements prepared for 2017/2018. This will assist to minimise delays with postage of these documents. This is currently in testing.

QAO advised that Debra Stolz, Director QAO has retired.

9.2 INTERIM MANAGEMENT LETTER

9.3 INSIGHTS NEWSLETTER

10.0 LEGAL AND LEGISLATIVE MATTERS

The Chief Executive Officer provided a verbal update. The following points were noted and discussed:

Recruitment process; risk management and compliance; improving customer service standards and streamlining processes; GRC ten year operational

expenditure forecast; officers to complete training covering public interest disclosure; GAWB/GRC/water assets; GRC's new corporate plan.

Ross Cook asked if there has been any progression with regards to the Regional Airports Collaboration Project and the Chief Executive Officer advised that there are continuing discussions regarding progressing this matter, with a different partner. Council has not yet not approved to proceed on this basis.

11.0 SELF-DEVELOPMENT

- Kerry Phillips noted that the City of Gold Coast has appointed her as a member of their audit and risk committee. She believes that this will enable her to bring some further insights to our committee;
- It was noted that we have had councillors attend various conferences;
- AICD attended last year to do some work on risk with councillors;
- Money in budget for next year for Councillor development – full AICD courses. If they are council nominated board members, they will do this training. Mayor to also participate;
- Ross Cook noted that he undertook governance certificate last year – financial risk and management compliance etc. This was very interesting and could be beneficial to others. The Chief Executive Officer noted that this course could be beneficial for councillors also.

12.0 REFERRALS BY COUNCIL

There were no referrals from Council.

13.0 GENERAL BUSINESS

Nil

14.0 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.

15.0 NEXT MEETING DATE

The next meeting of the Committee is scheduled for Wednesday 12 September 2018.

THE MEETING CLOSED AT 1:15 PM

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 11 pages form the official copy of Gladstone Regional Council Business Improvement Committee Meeting Minutes of the 27 June 2018.

.....
Ross Cook (Chairperson)
...../...../..... Date

Chairperson Initials: