

**AUDIT AND RISK MANAGEMENT COMMITTEE NO. 2021(02)**

**19 MAY 2021**

**REPORT**

**MEMBER'S ATTENDANCE:** Robert Jones (External Member and Chairperson); Martin Power (External Member), Councillors Marnie Doyle and Kate Kunzelmann

**MEMBER'S APOLOGIES:** Dr Annette Quayle (External Member)

**OTHER ATTENDANCE:** Queensland Audit Office Attendance (Lisa Fraser and Dale Hassell), Jeff Keech (Acting General Manager Corporate Services), Sonia Cooper (Acting Chief Executive Officer), Freddy Beck (Chief Audit Executive), Sylvia Swalling (Chief Information Officer), Graham McGinniskin (Principal Risk and Compliance Specialist), Richard White (Manager, Procurement), Maree Walker (Enterprise Program Management Office Manager), Anna Payne (Principal Officer, Program Management Office), Angela Harms (Corporate Governance Manager), Talia Love-Linay (Manager, People and Culture), Paul Mollenhauer (Acting Chief Financial Officer), Christina Binoya (Financial Accounting Manager)

**DECLARATIONS OF INTEREST IN MATTERS ON THE AGENDA**

Nil

**CONFIRMATION OF MINUTES**

1. **CONFIRMATION OF MINUTES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE NO. 2021(01) OF 10 FEBRUARY 2021**

**RECOMMENDATION**

**That the Minutes of the Meeting held on 10 February 2021 be confirmed.**

---

**BUSINESS OUTSTANDING – ACTIONS CARRIED OVER FROM PREVIOUS MEETING****2. CONFLICT OF INTEREST PROVISIONS FOR COUNCILLORS**

At the previous Audit and Risk Management Committee it was requested that a report be submitted on the Conflict of Interest provisions for Councillors legislated by the State Government. The report is now provided with a range of supporting information and tools for information.

**RECOMMENDATION**

**That the report be received and the contents noted.**

**DISCUSSION**

External Member Martin Power queried if there had been any change in the level of conflict of interest declarations since the change in legislation and if councillors had undertaken relevant training. Councillor Doyle advised that all councillors had undertaken training. Management advised that there was no significant increase in declarations compared to prior Councils.

Chairperson Rob Jones asked if there was a register of conflicts kept by the Council and if so was the register publicly available.

Management advised that an internal register is kept and that the declarations are publicly available in the minutes of meetings.

Chairperson Rob Jones asked for this matter to be considered by Council.

**ACTION: That the Meetings Coordination Manager liaise with the Manager, Executive Services to provide a response to the Audit and Risk Management Committee members on whether the conflict of interest register can be made publicly available.**

**3. ENGAGEMENT OF CONTRACTORS**

At the February 2021 Audit and Risk Management Committee meeting, it was requested that a report be prepared for the next meeting that outlined Council's process for the engagement of contractors.

For the purposes of this request, Council has interpreted 'contractors' as short-term labour hire contractors. Internally the term Contingent Worker is used to describe short term contractor arrangements, and is defined as a "Person who works under Ipswich City Council direct supervision, but is engaged through, and paid directly by a labour hire agency" in the ICC Contingent Worker Procedure.

**RECOMMENDATION**

**That the Audit and Risk Management Committee note the Council's process for engaging, reviewing and monitoring contingent workers.**

## **DISCUSSION**

Chairperson Rob Jones stated that from his perspective the report didn't address the concerns raised at the last meeting on contractors being re-procured on Council panel arrangements or contractor lists where ethical concerns had been previously held. The Chairperson stated that the report gave a better understanding of how contractors are engaged and that he would ask the question regarding previous contractors later in the procurement discussion.

External Member Martin Power queried whether there were any arrangements where Council employs a person and then soon after this employee returns as a contractor. The Acting General Manager Corporate Services advised that a contractor being paid through an ABN has not been addressed in the report provided for this agenda item. He advised that a review could be undertaken.

External Member Martin Power asked about the process of engagement for labour hire companies and if they were regularly reviewed and subject to tender. Management confirmed this is the case with engagements of greater than six months being required to be procured through Council's Procurement Branch and those six months and under, through branch managers selecting from three approved panel providers. Management also advised that labour hire contingent workers are regularly reviewed by a Workforce Review Committee, with the aim of ensuring contingent workers are used only where necessary.

---

### **4. 2020-2021 ASSET VALUATION UPDATE**

This is a report concerning the progress of the 2020-2021 asset valuation for land, buildings and infrastructure assets.

## **RECOMMENDATION**

- A. That the report by the Principal Financial Accountant regarding the progress of the 2020-2021 asset valuation for land, buildings and infrastructure assets be received and the contents noted.**
- B. That the final valuation report for 2020-2021 (to be finalised by mid-June 2021) be circulated to committee members for discussion and endorsement and if required a special Audit and Risk Management Committee meeting be convened to approve and endorse the report prior to 30 June 2021.**

## **DISCUSSION**

Chairperson Rob Jones advised that a meeting will be arranged via Microsoft Teams prior to 30 June 2021 to go through the detail of the final valuation report for 2020-2021.

**ACTION: The Meetings Coordination Manager to organise a Teams meeting to discuss the final valuation report for 2020-2021 prior to 30 June 2021.**

---

5. SALE PROCESS FOR THE DISPOSAL OF SOUTH STREET ASSETS TO WEST MORETON HOSPITAL AND HEALTH SERVICES

This is a report concerning the process for the disposal of the South Street Precinct assets to West Moreton Hospital and Health Services. The assets included in the disposal are 37, 40, 50 and 56 South Street, Ipswich, 3 Foote Lane, Ipswich and 82 Limestone Street, Ipswich. This report will advise of the terms of negotiation between Council and West Moreton Hospital and Health Services (WMHHS) in determining the agreed sale price.

"The attachment/s to this report are confidential in accordance with section 254J(3)(g) of the *Local Government Regulation 2012*."

RECOMMENDATION

**That the Audit and Risk Management Committee note the contents of this report outlining the process for the disposal of assets to West Moreton Hospital and Health Services and associated financial implications.**

---

BUSINESS OUTSTANDING – ITEMS TO BE CARRIED OVER TO NEXT MEETING

It was agreed that the following outstanding items be carried over to the August meeting:

- Presentation on example process in ProMapp
  - Presentation on Transparency and Integrity Hub
  - Asset Management (including infrastructure)
- 

6. QUEENSLAND AUDIT OFFICE BRIEFING PAPER AND 2021 INTERIM REPORT

This is a report concerning a briefing paper and 2021 Interim Report submitted by the Queensland Audit Office.

RECOMMENDATION

**That the Queensland Audit Office briefing paper and 2021 Interim Report be received and the contents noted.**

**DISCUSSION**

---

#### QAO BRIEFING PAPER

External Member Martin Power queried the draft proforma templates and outlined that it was normal practice for other audit and risk committees to review the templates to ensure they are happy with them.

Chairperson Rob Jones stated that the committee could give consideration to the draft financial statement templates in the February meeting depending on any change to the financial accounts. He advised that if there was no substantial change there would be no requirement to review these further.

#### QAO INTERIM REPORT

External Members discussed the issues raised in the QAO interim report.

External Member Martin Power asked if the new issues identified could be resolved before the end of financial year.

The Acting General Manager Corporate Services advised that the goal is to close out the significant deficiencies but there was still more to do on the segregation of duties relating to payroll. He advised that some reporting is being developed and that he hoped they could close off this one prior to financial year end.

The Chairperson Rob Jones stated that realistic dates need to be set to ensure completion of the matters.

External Member Martin Power requested that feedback be sought from QAO at the final meeting when the financial statements are approved to see if these items have been addressed.

The Acting Chief Executive Officer advised that an update could be provided by management at the August meeting.

External Member Martin Power asked if QAO was happy with the policy on capitalisation on assets. QAO advised that last time they were at council the policy on this matter was in draft format. The Acting General Manager Corporate Services advised that the policy was approved by Council in April and that council was continuing to work through the clarity for on-maintenance dates with developers.

**ACTION: That the Acting General Manager Corporate Services provide an update on progress of reporting to the August meeting of the Audit and Risk Management Committee.**

---

## OUT OF SESSION REPORT

A report on the Auditor General's report on the financial audit performance of Local Government Entities tabled in Parliament was distributed to members out of session for receiving and noting.

---

7. INTERNAL AUDIT BRANCH ACTIVITIES REPORT FOR THE PERIOD 1 FEBRUARY 2021 TO 10 MAY 2021

This is a report concerning the activities of Internal Audit undertaken during the above-mentioned period and the current status of these activities.

"The attachment/s to this report are confidential in accordance with section 254J(3)(i) of the *Local Government Regulation 2012*."

### RECOMMENDATION

**That the report be received and the recommendations in Attachment 3, 4 and 5 be considered finalised and archived.**

## DISCUSSION

External Member Martin Power expressed concern over the issue of transparency in relation to the recommendations and some of the management responses. He noted that there are some good examples and some with room for improvement. It was suggested to have a check box in the recommendation on whether management agreed with the recommendations or not. If the no checkbox is ticked it would highlight to the committee an issue. The Chief Audit Executive advised that internal audit is working on this and that part of the recommendation system includes a check box. He advised that in future reporting this can be included.

External Member Martin Power queried if there was plan in place to manage excessive staff leave balances. The Acting Chief Executive Officer advised that council is currently refreshing regular reporting and monitoring of staff leave balances. Managers are required to discuss and set leave plans with employees with significant leave balances.

---

8. ANNUAL INTERNAL AUDIT PLAN FOR 2021-2022 INCLUDING THE STRATEGIC THREE YEAR PLAN FOR 2021-2024

This is a report concerning the proposed Annual Audit Plan for 2021-2022 that includes the Strategic Three-Year Internal Audit Plan for 2021-2024.

"The attachment/s to this report are confidential in accordance with section 254J(3)(i) of the *Local Government Regulation 2012*."

### RECOMMENDATION

**That the draft Internal Audit Annual Plan for 2021-2022 that includes the draft Strategic Three Year Internal Audit Plan for 2021-2024 (Attachment 2) as prepared by the Chief Audit Executive be approved.**

### **DISCUSSION**

Chairperson Rob Jones advised the committee that one of the carry over items was to have the relevant General Manager attend committee if they had overdue audit recommendations for more than three months. Given the full agenda for this meeting and work being done in the Infrastructure and Environment Department this will be carried over to the August meeting.

---

#### 9. GOVERNANCE, INTERNAL CONTROLS AND COMPLIANCE

Council is progressively maturing and strengthening its governance, internal controls and compliance with the broad range of legislative, policy and procedural obligations placed upon it.

This report provides an update to the Audit and Risk Management Committee (ARMC) on key governance, internal controls and compliance matters for the past quarter.

### RECOMMENDATION

**That the Audit and Risk Management Committee note the initiatives and actions being implemented to mature and strengthen Council's governance, internal controls and compliance.**

### **DISCUSSION**

The Chairperson Rob Jones sought information on the measures and their monitoring in the new five year corporate plan. Management advised that this could be discussed later in the agenda when the Acting General Manager Coordination and Performance was in attendance.

---

#### 10. ICT STEERING COMMITTEE PROGRESS REPORT

The ICT Steering Committee provides oversight for the Information, Communications and Technology and Information Management portfolios and meets on a six-week cycle.

This report provides an update to the Audit and Risk Management Committee on:

- A. the key matters considered by the ICT Steering Committee (ICTSC) for the period January to May 2021; and
- B. the ICT Branch culture

#### RECOMMENDATION

**That the report be received and the contents noted.**

---

#### 11. INSURANCE AND RISK MANAGEMENT UPDATE

This is a report concerning Council's insurance and risk management activities for the period 1 January 2021 to 31 March 2021.

#### RECOMMENDATION

**That the report be received and the contents noted.**

#### **DISCUSSION**

Chairperson Rob Jones queried the escalation of risks through the different levels within Council. The Principal Risk and Compliance Specialist advised that these are discussed at the Executive Leadership Team level and at the last meeting there was a planning risk that has now been escalated and brought into the corporate risk register. He advised that he will report on this at the August Audit and Risk Management Committee meeting.

Chairperson Rob Jones queried if the Business Continuity Plan test that was carried out was successful. The Principal Risk and Compliance Specialist advised that it was however there were some enhancements that were identified that need to occur.

---

#### PRESENTATION – CORPORATE SERVICES DEPARTMENT RISK REGISTER

The Acting General Manager Corporate Services provided a presentation outlining the Corporate Services Department Risk Register.

---

#### 12. RATING SYSTEM AND PROCESSES - PRESENTATION ON GOVERNANCE AND CONTROLS - PRESENTATION

This is a report concerning governance and controls in relation to the rating systems and processes of Ipswich City Council (Council).

#### RECOMMENDATION



**That the report concerning governance and controls in relation to the rating systems and processes, by the Acting Chief Financial Officer dated 6 May 2021, be received and the contents noted.**

---

13. DEBT RE-FINANCING

This is a report providing an update on the opportunity for Ipswich City Council (Council) to re-finance some or all of its existing debt portfolio.

RECOMMENDATION

**That the report concerning Debt Re-financing, by the Acting Chief Financial Officer dated 3 May 2021, be received and the contents noted.**

---

14. PROCUREMENT AND CONTRACT MANAGEMENT

This is a report concerning progress made in Ipswich City Council moving from a decentralised to a centralised model for Procurement

RECOMMENDATION

**That the Audit and Risk Management Committee note the report and the progress in implementation of Centralised Procurement function within Ipswich City Council.**

**DISCUSSION**

Councillor Doyle raised concern regarding risks and integrity in the tender process and how council monitors the interactions and relationships between staff and the tenderers. The Manager, Procurement outlined the centralised procurement process and how all communication back and forth is carried out through vendor panel which is monitored. He outlined that council has detailed policy and procedures in this area however they are looking at further training in this area to address any shortfalls.

---

15. PROGRAM MANAGEMENT OFFICE REPORT

This is a report concerning the progress on delivery on strategic work identified within the Program of Works for the Program Management Office.

ICT Platform Project iVolve report was distributed out of session to the Audit and Risk Management Committee members.

RECOMMENDATION

**That the report be received and the contents noted.**

## **DISCUSSION**

The Enterprise Program Management Office Manager outlined that at the last meeting an update was provided in relation to the work happening with the planning scheme. She advised that due to the work being done and an industry standard health check, this work has now gone from red to amber.

Chairperson Rob Jones asked what the next stage of the iVolve Project includes. The Principal Officer, Program Management Office advised that the next stage will be preparing the final business case for Council seeking approval to move into implementation. Chairperson Rob Jones queried how staff were handling this amount of change. The Principal Officer, Program Management Office advised that in relation to the iVolve project, the stakeholder engagement has been excellent and that people are keen to see this project progress.

---

### **16. PEOPLE AND CULTURE REPORT INCLUDING IMPLEMENTATION OF THE PEOPLE AND CULTURE STRATEGIC PLAN**

This is a further report to the Audit and Risk Management Committee on performance and progress in the implementation of the People and Culture Strategic Plan 2019-2021.

## **RECOMMENDATION**

**That the Audit and Risk Management Committee note the report and the performance and progress in implementation of the People and Culture Strategic Plan.**

## **DISCUSSION**

Chairperson Rob Jones queried with the People and Culture Strategic Plan coming to an end in June 2021 what learnings had been gathered.

The Manager, People and Culture advised that the learnings from this plan are helping to inform the planning for the new People and Culture Strategy. She advised that reporting and access to data and information is something on the agenda for 2021 and that they have streamlined reporting using technology and are bringing it together in a format that works.

The Chairperson Rob Jones stated that improvement in culture appeared to be somewhat static at the present time and queried how this is monitored. The Manager, People and Culture advised that the pulse surveys have been good but that they don't delve deep enough. She advised that they are looking at doing another one with different questioning to gauge employee engagement and employee experience within the organisation.

External Member Martin Power queried the different bargaining units for the enterprise bargaining agreements and asked how they all worked. The Manager, People and Culture advised that even though Council has 4 different agreements, they are quite similar.

---

17. PROVISION FOR LANDFILL REHABILITATION

This is a report concerning a request from the Queensland Audit Office (QAO) requiring Ipswich City Council (ICC) to provide a position paper regarding the recognition of a provision for landfill rehabilitation at 160 Whitwood Road, New Chum.

RECOMMENDATION

**That the report on the recognition of a provision for landfill rehabilitation at 160 Whitwood Road, New Chum of \$7.3m be received and noted.**

---

18. 2021 ACCOUNTING STANDARDS UPDATE AND OTHER FINANCIAL STATEMENT ITEMS

This is a report concerning a request from the Queensland Audit Office (QAO) requiring Ipswich City Council (ICC) to provide a position paper regarding the impact of recently issued or amended accounting standards for Council and its controlled entities (Ipswich Arts Foundation Trust and Cherish the Environment Foundation Ltd). The report also details other related items for the 2021 annual financial statements. In accordance with the key milestones agreed in the External Audit Plan, Council is required to provide the position paper to QAO by 31 May 2021

RECOMMENDATION

**That the report detailing the recently released or amended Accounting Standards and other items relating to the 2021 Annual Financial Statements for Ipswich City Council dated 28 April 2021 be received and the contents noted.**

---

19. NEXT MEETING

The next meeting is scheduled for Wednesday, 26 August 2021.

---

20. GENERAL BUSINESS

Nil

---

21. PRIVATE SESSION OF MEMBER (IF REQUIRED)

There were no requests from members for a private session.

---

**PROCEDURAL MOTIONS AND FORMAL MATTERS**

The meeting commenced at 9.34 am.

The meeting closed at 1.31 pm.

---