

AUDIT AND RISK MANAGEMENT COMMITTEE NO. 2021(06)

24 NOVEMBER 2021

REPORT

MEMBERS' ATTENDANCE: Robert Jones (External Member and Chairperson); Dr Annette Quayle (External Member), Martin Power (External Member), Councillors Marnie Doyle and Kate Kunzelmann

MEMBER'S APOLOGIES: Nil

OTHER ATTENDANCE: Queensland Audit Office Attendance (QAO) (Dale Hassell), Sonia Cooper (Chief Executive Officer), Freddy Beck (Chief Audit Executive), Sylvia Swalling (Acting General Manager Corporate Services), Angela Harms (Corporate Governance Manager), Peter Tabulo (General Manager Planning and Regulatory Services), Alisha Connaughton (Manager Compliance), Talia Love-Linay (Manager People and Culture), Richard White (Manager Procurement), Jennifer Buntine (Insurance and Risk Officer)

DECLARATIONS OF INTEREST IN MATTERS ON THE AGENDA

Nil

BUSINESS OUTSTANDING

Nil

CONFIRMATION OF MINUTES

1. **CONFIRMATION OF MINUTES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE NO. 2021(05) OF 6 OCTOBER 2021**

RECOMMENDATION

That the Minutes of the Meeting held on 6 October 2021 be confirmed.

Discussion

Rob Jones (Chairperson) requested that the Chief Executive Officer provide a briefing at each meeting next year. Sonia Cooper (Chief Executive Officer) confirmed the briefing update and stated that she would also provide the signed CEO Performance Agreement to the next meeting for the information of members.

ACTION:

1. The Chief Executive Officer to provide a briefing at each Audit and Risk Management Committee meeting in 2022 in line with the planned agenda.
2. The Chief Executive Officer to provide a copy of the signed CEO performance agreement to the Audit and Risk Management Committee for information.

OFFICERS' REPORTS2. **QUEENSLAND AUDIT OFFICE BRIEFING PAPER**

This is a report concerning a briefing paper submitted by the Queensland Audit Office providing Council with an update on the status of the audit progress for 2020-2021.

RECOMMENDATION

That the report be received and the contents noted.

Discussion

Annette Quayle (External member) queried when the audit plan for 2022 would be available. QAO advised that they will present this to the February meeting next year and that it will be in a similar format to this year. QAO also advised that their approach should be similar to the 2021 year, however if there is a change in focus required, this would be identified in the plan and discussed at the February ARMC meeting.

3. **INTERNAL AUDIT BRANCH ACTIVITIES REPORT FOR THE PERIOD 16 AUGUST 2021 TO 15 NOVEMBER 2021**

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

"The attachment/s to this report are confidential in accordance with section 275(1)(i) of the *Local Government Regulation 2012*."

RECOMMENDATION

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

Discussion

Overdue recommendations – Infrastructure and Environment Department

Rob Jones (Chairperson) queried the overdue recommendations particularly in relation to the Infrastructure and Environment Department and asked if this was an area that needed greater focus. Freddy Beck (Chief Audit Executive) agreed that it was an area that the committee needs to monitor and that the Executive Leadership Team discusses the current and overdue recommendations on a monthly basis. It was noted that there have been a number of changes to personnel in this area which may have contributed to the lack of progress on some recommendations.

Internal audit reports yet to be finalised

Rob Jones (Chairperson) queried the internal audit activities report noting that there were still a number of internal audits from 2019-2020 that are yet to be finalised and 1 in 2015-2016 still outstanding. Freddy Beck (Chief Audit Executive) advised that the 2015-2016 audit is in relation to data analytics and has not been able to be closed by him as the Chief Audit Executive given the recommendations are still under consideration and associated with the implementation of the IT Strategy. Freddy Beck (Chief Audit Executive) acknowledged that a number of the other outstanding issues require attention.

Cyber Security

Rob Jones (Chairperson) queried the report completed last year by Deloitte on Cyber Security in which they made a number of recommendations and whether these recommendations were logged and were being monitored. Freddy Beck (Chief Audit Executive) advised that they had been included in the internal audit recommendations monitoring and reporting. Rob Jones (Chairperson) requested that a separate status report on progress of implementation of these recommendations be provided to the committee at the next meeting.

Rob Jones (Chairperson) followed up an issue that Martin Power (External member) raised at the August meeting regarding the monitoring of cyber security risk at council and that it would be useful to have a dashboard showing key information relating to cyber security events. This would be useful for the committee to better understand what council is having to deal with on a practical basis and the extent of the risk. Martin Power (External member) advised that in other organisations because cyber security is such a big risk, a dashboard is produced that is reported to the CEO on a regular basis and includes matters such as the history of how many attacks, bogus emails, training that people have attended relating to cyber security etc. Sylvia Swalling (Acting General Manager Corporate Services) advised that these matters are constantly monitored and analysed and a dashboard does exist at management level. Sylvia Swalling (Acting General Manager Corporate Services) advised that she would arrange for the report provided to the ICT Steering Committee to be provided to the Audit and Risk Management Committee as a standing report. Councillor Marnie Doyle stated that an example was given at the August meeting in relation to emails to staff on cyber security. Rob Jones (Chairperson) requested that training statistics be included in the report back to committee.

Grants, sponsorships and donations process

Annette Quayle (External member) queried Council's grants, sponsorships and donations process in relation to discretionary grants and conflict of interest and how much probity or discretion there is in this area. Rob Jones (Chairperson) suggested that the committee receive a presentation on grants at a future meeting and that this would be built into the planned agenda for next year.

Delegation Reporting

Martin Power (External Member) queried the delegations internal audit report in relation to costs and that the information provided in the Transparency and Integrity Hub is not always consistent. Rob Jones (Chairperson) requested that the Chief Audit Executive include information in the reporting to outline when council has approved an increase in delegation so that the committee can ensure that the correct process is being followed.

Transparency and Integrity Hub

Martin Power (External Member) stated that as a variation occurs to a contract it should be updated in the Transparency and Integrity Hub. Sylvia Swalling (Acting General Manager Corporate Services) advised that the information on the hub is designed as a data snapshot at a point in time and not live data and that the Hub has detailed disclaimers in relation to the data. Sylvia also advised that work continued to develop application programming interfaces so that the data was published near to real time. Sonia Cooper (Chief Executive Officer) advised that council will review the wording in the short term to see if it is possible to give a more accurate account.

ACTION:

- 1. The Chief Information Officer to provide a status report on the progress of implementation of the recommendations of the Deloitte report outlining what has and has not been resolved and how the recommendations are being addressed.**
- 2. The Chief Information Officer to provide a report to the Audit and Risk Management Committee in relation to the information council is monitoring in terms of cyber security as well as training statistics related to cyber security.**
- 3. That the planned agenda be amended to include a presentation on council's grants, sponsorships and donations process including conflict of interest provisions and probity in this area.**
- 4. Manager, Procurement Branch to review the wording used in the Transparency and Integrity Hub in relation to contracts and variations to contracts.**

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4. DRAFT ANNUAL PLAN FOR 2022 FOR THE AUDIT AND RISK MANAGEMENT COMMITTEE

This is a report concerning the Audit and Risk Management Committee (ARMC) Annual Plan for 2022 with background information provided by the Chair of the Audit and Risk Management Committee.

RECOMMENDATION

That the draft Audit and Risk Management Committee Annual Plan for 2022 be confirmed to determine a planned agenda for 2022.

5. AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER AND THE INTERNAL AUDIT CHARTER

This is a report concerning a review of the Audit and Risk Management Committee Charter and the Internal Audit Charter. There is one change being proposed to section 8.1.2 and that is to change the Councillors term to four years with a further term of four years possible if re-elected. Experience has shown that the intentional rotation of Councillors through shorter periods are actually preventing these Councillors from contributing back to the Committee once they are experienced to do so.

The current changes as suggested by the Quality Assessment around the support and placement of internal audit will be considered once the Chief Executive position has been finalised and updated into the Internal Audit Charter as required.

RECOMMENDATION

That the updated Audit and Risk Management Committee Charter, as detailed in Attachment 2, be adopted.

6. GOVERNANCE, INTERNAL CONTROLS AND COMPLIANCE

This is a report relating to the progressive maturing and strengthening of Council's governance, internal controls, and compliance with the broad range of legislative, policy, and procedural obligations upon it.

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

It was noted by the Committee that the Good Governance Guide is a very comprehensive and a high quality resource.

Martin Power (External Member) noted that in relation to the table titled Ipswich City Council Governance and Internal Controls Framework, the People and Culture Strategic Plan refers to 2019-2021 which should be amended to the correct date.

ACTION:

- 1. The Corporate Governance Manager to amend the table titled Ipswich City Council Governance and Internal Controls Framework to reflect the correct date for the People and Culture Strategic Plan (now People and Culture Strategy 2021-2026).**

7. ICT STEERING COMMITTEE PROGRESS REPORT

The ICT Steering Committee provides oversight for the Information and Communications Technology Portfolio and meets on a six-weekly cycle.

This report provides an update to the Audit and Risk Management Committee on the key matters pertaining to risks and issues considered by the ICT Steering Committee for the period August to October 2021.

RECOMMENDATION

That the report be received and the contents noted.

Discussion

Rob Jones (Chairperson) referred to the engagement of the Program Director and Strategic Advisor for the iVolve project and queried how these two roles would operate. Sylvia Swalling (Acting General Manager Corporate Services) advised that both roles have been appointed and that the Program Director is a full-time role. The Strategic Advisor role is time based with specific roles and responsibilities. Rob Jones (Chairperson) stated that it was important that these roles report on a regular basis. Martin Power (External member) asked if Council has the internal resources to support these roles. Sylvia Swalling (Acting General Manager Corporate Services) advised that there is a proposed resource plan and an understanding that support will be required of staff with council knowledge and experience. She advised that subject matter experts will be engaged and released from their current roles with their roles being backfilled.

8. INSURANCE AND RISK MANAGEMENT UPDATE

This is a report concerning Council's insurance and risk management activities for the period 1 July 2021 to 30 September 2021.

RECOMMENDATION

That the report be received, and the contents noted.

9. ICT BRANCH RISK MANAGEMENT REPORT

This is a report to the Audit and Risk Management Committee (ARMC) concerning the ICT Branch Risk Register and how the ICT Branch identifies and manages risks.

RECOMMENDATION

That the report be received and the contents noted.

Discussion

Rob Jones (Chairperson) and Martin Power (External member) made comment that there seems to be a lack of consistency in format across all branch risk registers and that there should be a standard template. They made comment that in some registers there was no target risk rating which would provide for the committee a better understanding of the current status risk assessment.

ACTION:

- 1. Corporate Governance Manager to provide feedback to Graham McGinniskin (Principal Risk and Compliance Specialist) in relation to the branch risk registers.**
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10. PEOPLE AND CULTURE BRANCH RISK MANAGEMENT REPORT

This is a report concerning the People and Culture Branch Risk Register and how the People and Culture Branch treats and manages risks.

RECOMMENDATION

That the report be received and the contents noted.

11. PROCUREMENT BRANCH RISK REGISTER

This is a report to the Audit and Risk Management Committee (ARMC) concerning the Procurement Branch Risk Register and how the Procurement Branch identifies and manages risks at a branch level.

RECOMMENDATION

That the report be received and the contents noted.

12. CONTRACT MANAGEMENT - EFFECTIVE AND SIGNED DATES: CLARIFICATION

At the meeting of the Audit and Risk Management Committee on 6 October 2021, an action was raised that “The Chief Financial Officer to clarify the meaning of “effective date” and what council’s position is in relation to signing of contracts i.e.: effective date vs contract date and what obligations this places on council. He will provide a response at the next meeting scheduled for 24 November 2021.”

As this risk area sits within the accountability of the Manager, Procurement, this action was reassigned. This report provides details regarding this action which primarily relates to a system issue that is being addressed.

RECOMMENDATION

That the report be received and the contents noted

12.1. CLIMATE RESILIENT COUNCIL'S RECOMMENDATIONS - VERBAL UPDATE

A verbal report provided by the Emergency Management and Sustainability Manager concerning the recommendations from the Climate Resilient Councils paper.

RECOMMENDATION

That the verbal report be received and noted.

Discussion

Rob Jones (Chairperson) queried when the Sustainability Strategy would be developed. Matt Pinder (Emergency Management and Sustainability Manager) advised that the strategy was scheduled to be presented to council in December. Rob Jones (Chairperson) requested that once the strategy is finalised and approved by Council that Matt Pinder present the strategy to the committee (February or May 2022) and talk through the highlights of the report.

ACTION

- 1. The Emergency Management and Sustainability Manager to present the finalised Sustainability Strategy to the Audit and Risk Management Committee in February or May next year.**

13. WASTE AND LANDFILL ISSUES - UPDATE ON CURRENT WASTE AND LANDFILL ISSUES - VERBAL REPORT

The General Manager Planning and Regulatory Services to provide a verbal report on current waste and landfill issues.

RECOMMENDATION

That the verbal report be received and noted.

Discussion

Peter Tabulo (General Manager Planning and Regulatory Services) provided a verbal report on the status of the three significant waste landfill appeals and the progress in the implementation of the Waste and Circular Economy Transformation Policy Directive.

Alisha Connaughton (Manager, Compliance) provided an update on the status of the Warrill Park Cemetery matter that was discussed at the August meeting.

Alisha Connaughton (Manager, Compliance) provided an update on the compliance officer safety issue and action taken as a consequence. Alisha advised that situational awareness training and resilience training had been incorporated into the compliance section and implemented every 12 months. She also advised that after every event they provide a debrief where officers can discuss things that went well and where things can be improved.

14. ENTERPRISE PROGRAM MANAGEMENT OFFICE PERFORMANCE REPORT JULY - SEPTEMBER 2021

This is a report on the progress on the delivery of strategic work identified within the program of work (PoW) for Council's Enterprise Program Management Office (ePMO).

RECOMMENDATION

That the report be received and the contents noted.

Discussion

Rob Jones (Chairperson) stated that the committee would keep a close watch on the new Ipswich planning scheme and asset management. Rob stated that there seemed to be no overall responsibility in council for asset management. He stated that the committee would take a closer look at this in February with a report due on asset management key

risks, processes and controls. Sonia Cooper (Chief Executive Officer) advised that an asset management maturity assessment is being finalised with support from KPMG.

15. PEOPLE AND CULTURE UPDATE

This is a report concerning key updates for the Audit and Risk Management Committee from the People and Culture branch

RECOMMENDATION

That the report be received and the contents noted.

Discussion

Rob Jones (Chairperson) outlined that the ARMC plan for next year relating to the monitoring of People and Culture initiatives and strategy, in addition to the regular updates from People and Culture relating to strategy implementation, would be to focus on the following matters:

- Learning and Development (understanding of what program is, information on how well it is supported and how well the strategy is working).
- Performance Management Framework
- Key policies such as sexual harassment, diversity and inclusion etc

Annette Quayle (External Member) commented on the Staff Experience Survey and queried whether Council would still get an historical analysis of culture with this year's deep dive survey. Talia Love-Linay (Manager, People and Culture) advised that even though this is the first year of a deep dive, council can still look back on previous surveys for comparison. Martin Power (External Member) commented on the snapshot of the profile of staff and how these compare against other councils.

16. NEXT MEETING

The next meeting is scheduled for Wednesday, 16 February 2021.

17. GENERAL BUSINESS

Nil

18. PRIVATE SESSION OF MEMBER (IF REQUIRED)

Rob Jones (Chairperson) requested time with members to discuss audit related matters.

PROCEDURAL MOTIONS AND FORMAL MATTERS

The meeting commenced at 9.32 am.

The meeting closed at 12.55 pm.
