



ATTACHMENTS TO REPORTS

ORDINARY COUNCIL MEETING

ITEMS UNDER SEPARATE COVER

24 MAY 2023

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**MINUTES OF THE AUDIT AND RISK
MANAGEMENT COMMITTEE HELD 23
FEBRUARY 2023**

**Minutes of the Audit and Risk
Management Committee meeting held
23 February 2023**

Meeting Date: 24 May 2023

Attachment No: 1



MINUTES OF THE MEETING OF AUDIT & RISK MANAGEMENT COMMITTEE 23 FEBRUARY 2023



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Minutes of the Meeting
Held at 64 Fitzroy Street, Warwick on 23 February 2023 at 09:00 am

OPEN MEETING

The Chair declared the meeting open at 9:01 am.

1. PRESENT

Committee Members:

Melissa Jacobs, Kerry Phillips, Anthony Trace (via Teams), Kylie Smith (Tenterfield Shire Council) (via Teams), Cr Jo McNally and Cr Stephen Tancred.

Observers:

Leon Love (Director Customer & Organisational Services), Gary Murphy (Director Infrastructure Services), Scott Riley (Director Planning and Environmental Services), Belinda Armstrong (Manager Corporate Services), Jon Charles (Manager Sustainability and Strategy), Gurbindar Singh (Manager Financial Services), Graham Sweetlove (Manager Water), Dianne Woolley (Manager People & Culture), Samantha O'Neil (Governance, Risk and Land Coordinator), Wendy Truman (Workplace Health & Safety Coordinator), Bruce Preston – Crowes (External Auditor), Cathy Blunt (O'Connor Marsden - Internal Auditors), David Adams (Queensland Audit Officer) (via Teams) and Dianna Keir (minute secretary).

2. APOLOGIES

Dave Burges CEO

Ashita Lal (Queensland Audit Office)

9:11 am Gary Murphy enters meeting

3. DECLARATION OF CONFLICT OF INTEREST

Nil

4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

4.1 Audit & Risk Management Committee Meeting - 13 December 2022

Resolution

Moved Ms M Jacobs

Seconded Mr A Trace

THAT the minutes of the Audit & Risk Management Committee Meeting held on Tuesday 13 December 2022 be adopted.

Carried



5. BUSINESS ARISING FROM MINUTES – Summary of Action Points

Issue No	Minute Ref	Summary	Detail	Target Due Date	Responsible Officer	Revised Completion Date	Comments
310	13/12/2022 Item 10.1	Internal Audit	Amendments and/or additions to the IA, ahead of delivery, are requested to be endorsed by the committee.	Dec-22			To be reviewed as part of the review of the ARMC Charter.
311	13/12/2022 Item 10.1	Internal Audit	Circulation of any draft TOR for internal audits to committee	Dec-22	OCM/ MFS/ MCS		To be reviewed as part of the review of the ARMC Charter.
312	13/12/2022 Item 10.1	Internal Audit	Risk Rating to be re-reviewed and presented to the Committee	Feb-23	OCM	Jun-23	
313	13/12/22 Item 11	Audit Recommendations	Combined Internal and external audit recommendation register	Dec-22			To be reviewed as part of the review of the ARMC Charter.

6. CHIEF EXECUTIVE OFFICER'S UPDATE

6.1 Chief Executive Officer's Update

Resolution

Moved Chair K Phillips

Seconded Ms M Jacobs

That the Audit and Risk Management Committee accept the verbal update provided by Directors.

Carried

The Chair deferred to Directors for a verbal update:

Director Customer & Organisational Services- Leon Love

- Full complement of managers
- Resourcing in corporate services ongoing;
- Adopted new values in the organisation which staff are currently being engaged with workshops. ELT consider this as a strong foundation for the organisation moving forward.
 - Values;
 1. Act with Integrity;
 2. One Region, One Team;
 3. Lead by Example;
 4. Service Excellence; and
 5. Our People, Our Strength.
- Current Projects
 - Warwick drag strip Extension - Progressing well;
 - Stanthorpe Regional Art Gallery - tracking on schedule;
 - Saleyards- detailed design stage and going to tender shortly.

Director Infrastructure Services – Gary Murphy

- In relation to the organisational values, with the new leadership team on board; the organisation is still within the early stages of forming a team. Anticipating four year plan to address this transformation.
- Current Projects
 - Indigenous cultural heritage Condamine River Road;
 - Upskilling requirements identified – native title claim / act



- Good weather has helped in progressing with current projects underway
- Resourcing is an issue ; e.g. building designer
- Rate of escalation of construction costs is concerning; inflationary pressures ; and third party estimates
- Regional water security presentation

Director Planning and Environmental Services- Scott Riley

- There are still a couple of vacancies still within the team and resourcing of qualified persons is still a challenge
- New planning scheme keeping this on track; the timeline is compressed leading to community consultation in the middle of winter which is challenging;
- Planning and building applications are progressing steadily;
- Timeline of waste facility – highlighting that there is less than a decade for a new facility; this will be presented to Council early next financial year;
- Current unsupervised bin compounds are adding additional challenges in the greater scope of waste reduction/recycling.

9. EXTERNAL AUDIT

9.1 External Audit Matters

Resolution

Moved Chair K Phillips

Seconded Cr J McNally

THAT the Audit and Risk Management Committee:

1. Receive and endorse the 2023 External Audit Plan;
2. Note the update provided on the external audit issues register; and
3. Receive the verbal update from the Queensland Audit Office.

Carried

A verbal update was provided by Crowes Auditors, Bruce Preston,.

Discussion topics:

- Increase of concrete, steel and piping and its impact on revaluation of infrastructure assets.
- Valuation status update provided by Manager Financial Services, Gurbindar Singh.

Queensland Audit Office (QAO) Briefing provided by David Adams.

- Resilient Homes Fund has seen 39 Councils activate registration with QRA;
 - Working with Local Government Finance Professionals (LGFP) to develop overarching principles in relation to home buy backs
 - One position paper to be developed across all agencies to be consistent.
- Asset Management Performance Audit is underway; formal report to be released in May/June 2023;
- Forecast Audit performances – managing eco-tourism and cyber risks (broadly), three attacks over last eighteen months (one in local government that has not been made public); the next audit will be surrounding response and recovery from cyber-attacks;



- Planning for Queensland long term infrastructure which is of interest to all local governments;
- Change in financial sustainability ratios from 1 July 2023. David recommended management to commence conversations with Council now as these will be audited by QAO and required in the financial statements.

Dianne Woolley – 9:27 am enters meeting.

7. HUMAN RESOURCES

7.1 Human Resources and Workplace Health and Safety Update

Resolution

Moved Chair K Phillips

Seconded Mr A Trace

THAT the Audit and Risk Management Committee receive and note the reports presented.

Carried

Verbal update provided Manager People and Culture, Dianne Woolley:

- Induction (audit outcome): An new program has been developed that is being rolled out on 4 May 2023. This program is more inclusive, covering environmental sustainability, local government structure and how the new employee fits within the organisation, understanding governance, equal opportunity and code of conduct etc. This is to bring in cultural awareness as there is no current defined body for employees. A policy is also being drafted.
- EAP (Employee Assistance Program) – ELT has agreed to engage with Acacia EAP ; this will be presented to SLT on 16 March 2023; this program is holistic and looks at wellness, manager assist, critical debriefs etc. This program is also used by Brisbane City Council and Moreton Bay Regional Council Contract yet to be signed however anticipating that following SLT presentation it will be signed.
- Contact officers – These are employees that can be approached in relation to anxiety; stress, domestic violence, etc within the workplace. These employees will be providing advice on where to go not to resolve the issue. Training will be provided through the human rights commission. The contact officers are very engaged and genuinely want to help other employees moving forward.
- Leadership Development Program; 2 March 2023 will be the first program with 25 participants from the year.
- Workforce Values; six workshops conducted identifying the 5 values being presented. Employees are to identify the behaviour to support these values within these workshops.
- Enterprise Bargaining Agreement (EBA) | Presently Stream A is out for consultation; voting will be in early March which has been extended to be open for one week. Generic email address for any questions; pay increase to be back dated to 1 July 2022. They have been fielding questions surrounding superannuation etc. Engaging electronic voting – with Go Vote – which is secure and confidential.
- Achievement and Development plans – Workplace Health and Safety and Financial Services departments will pilot this program. Noted delays due to structure functionality and the streamlining of position descriptions to achieve clarity.

10:02 am Wendy Trueman enters meeting



8. WORK HEALTH & SAFETY

Verbal update provided Manager People and Culture, Dianne Woolley:

- Workplace Health and Safety Coordinator, Wendy Truman introduced to committee
- For the previous three weeks there have been numerous site inspections conducted. Namely, Yangan Workshop; Allora Library; Warwick Parks and Gardens; OSHC (Outside School Hours Care). The team is working toward audit in August being proactive.
- Re introduction of take 5's introduced to stream A and B, C employees – resulting in a good response. For example; a checklist for people to complete prior to taking fleet vehicles or OSHC before open and after close checklist.
- Developed code of conduct with working with children, legislative requirement.
- Meeting with local government work care on audit items and the progress against these items on 23 Feb. 2023. Gap analysis of how we are performing against these items being completed.

10.09 am Dianne Woolley exits meeting;

10. INTERNAL AUDIT

10.1 Internal Audit Activity Report

Resolution

Moved Chair K Phillips

Seconded Ms M Jacobs

THAT the Audit & Risk Management Committee receive and note the contents of the Internal Audit Activity Report as at 14 February 2023.

Carried

Verbal Update provided by Cathy Blunt

- Work progressing at a reasonable pace
- completed internal audits of rates revenue and the cash management across council facilities handling cash. Also unsupervised bin compounds.
- Outstanding is the environmental compliance review carrying over the last financial year.

11. Audit Recommendations

11.1 Audit Recommendations

Resolution

Moved Chair K Phillips

Seconded Ms M Jacobs

Carried

10.28 am Morning tea break. Scott Riley and Wendy Trueman left meeting.

10.44.am Meeting resumed.



12. BUDGETING & FINANCIAL PERFORMANCE

12.1 Financial Report

Resolution

Moved Chair K Phillips

Seconded Councillor S Tancred

THAT the Audit & Risk Management Committee receive and note the verbal update provided by the Manager Financial Services.

Carried

12.2 ICT Update

Resolution

Moved Chair K Phillips

Seconded Councillor S Tancred

THAT the Audit & Risk Management Committee note the contents of the ICT security update report.

Carried

Verbal update provided by Gurbindar Singh.

- IT Steering Committee
- IT will have their own asset management plan;
- Leasing vs owning – body of work and data cleansing
- Software in terms of value add;
- Updating ICT strategy;
- Smart Meter Technology Rollout

13. ASSET MANAGEMENT

13.1 Asset Management Update

Resolution

Moved Chair K Phillips

Seconded Ms K Smith

THAT the Audit and Risk Management Committee receive and note the contents of the Asset Management Roadmap Update report.

Carried

Verbal update provided by Manager Sustainability & Strategy, Jon Charles.

14. GOVERNANCE & RISK MANAGEMENT

14.1 Governance and Risk Management Status Report

Resolution

Moved Ms M Jacobs

Seconded Mr A Trace



THAT the Audit & Risk Management Committee note the contents of this report as a status update for the Governance, Risk Management, Legal and Regulatory area.

Carried

Verbal update provided by Manager Corporate Services, Belinda Armstrong.

- Absence of risk reporting being presented due to limited staff resources. This will be addressed with SLT and then coordinated workshops with JLT/Albright moving forward.

Questions on Notice:

- Cr Tancred | Discrepancy in data relating to outstanding matters with Ombudsman. Manager Corporate Services > Dashboards to be emailed separately for clarity **QON**
- Waste – Correspondence from DES regarding the compliance audit at the Warwick Waste Facility – is the waste solid or liquid? Manager Corporate Services to follow up. **QON**
- Ongoing asbestos contamination claim – when will it be finalised? Manager Corporate Services to provide a confidential update to the committee, including end date, impact, timings and impact on financial statements **QON**
- Cr McNally | Is the waste going to be claimed through insurance? Manager Corporate Services to provide updated information **QON**
- Mel Jacobs offered assistance with preparation of any documentation/reporting

15. LEGAL & REGULATORY

This was reported through Agenda item 14

16. EXTERNAL REPORTS

Nil

11:14 am Cathy Blunt left the meeting.

17. GENERAL BUSINESS

- External auditor – to be engaged from 1 July 2023, that being Pacifica where O'Connor Marsden & Associates would finalise their existing jobs until then to ensure a smooth transition.

11:19 am Cathy Blunt returned to the meeting.

11:22 am Graham Sweetlove, enters meeting

- Water Strategic Risks presentation – Manager Water, Graham Sweetlove (**presentation attached**)
- QAO - Incoming Federal legislation regarding critical infrastructure and risk management program obligations. David Adams to send report to Bruce Preston to pass on requirements.



11.53 am G Sweetlove leaves the meeting.

18. NEXT MEETINGS

Tuesday, 20 June 2023 9.00 am to 12.00 pm

Agenda Items to include:

- Fraud and corruption framework for managing risks (due for review);
- QAO feedback 21/22 survey would have been completed (circulate to committee members externally);

Tuesday, 17 October 2023 9.00 am to 12.00 pm

19. CLOSURE

There being no further business to discuss the meeting closed at 11:53 am.

Water Strategic Risks

Water Security and other Considerations

Strategic Water Risk

- Running out of water to supply
- Cyclic drought conditions
- Reductions in storage capacity associated with dam compliance
- Stanthorpe and other towns remains a trucked solution

Counter measures

- Council are following several avenues to address the risks
 - Adoption of Drought Management Plan
 - Sets out triggers and actions in the event of a drought situation
- The State has also provided funding to implement a drought resilience plan (DRP)
 - A range of measures including bores, effluent and treatment

Drought Resilience Plan

- This includes the Toowoomba to Warwick Pipeline that is under design
- A leak detection and loss management project including funding for smart meters and DMA's for the remainder of the region imminent
- Six other activities, a mix of studies and capital projects to improve the water supply for Warwick (Leslie Dam dead storage etc)

Although not part of the DRP - Funding was also provided to install smart meters in Stanthorpe and establish DMA's/DMZ's to manage losses with immediate results (and have Unity Water project)

Stanthorpe initiatives

- Currently the only back up for Stanthorpe is Connolly dam
- During last drought water was carted from Connolly dam
- Regional Water Assessment is underway and covers additional options
- One option which would be federally and state funded is the construction of Emu Creek dam.
- Another option under review is a pipeline from Warwick to Stanthorpe.

Dam compliance risk

- loss of FSL due to safety concerns
- The dams, particularly Connolly dam are getting old and requiring a lot of attention. The works are several \$ millions and not easily affordable by SDRC
- There are also issues with Connolly dam in terms of meeting design guidelines for safety. Again large expenditures required
- SKD requires further work